

THE FINANCIAL TIMES Thursday 20, 1976

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FINANCIAL TIMES

No. 27,160

Thursday December 30 1976

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NEWS SUMMARY

GENERAL

Heavy guns in Lebanon gain; gold duel

Palestinian guerrillas exchanged heavy artillery and machine-guns with Christian Right-wing forces for six hours in southern Lebanon yesterday.

Claiming that the shelling had caused serious damage, the Palestinians accused Israeli-backed Right-wing troops of opening up on Tybbeh, two miles from the Israeli border.

Israeli gunners on the other side of the border also supported the Christians with long-range artillery, the Palestinians insisted.

Tension in southern Lebanon has been increasing for several weeks since Palestinian guerrillas began to move men and heavy weapons from camps in the area.

In Beirut it was announced that a new national defence force was being formed to police the Israeli border. Page 5

40 hurt in two gas explosions

Police and Gas Board officials are investigating two gas explosions which yesterday ripped through the centres of Bristol and Brentford, West London, injuring about 40 people—most of them in Brentford—and causing hundreds of thousands of pounds' worth of damage. People returning from holiday were warned to check for gas leaks. Picture and story, Page 7

Bomb blasts end Ulster ceasefire

Two bombs which exploded in a Belfast fertilizer factory, ended the Provisional IRA's Christmas ceasefire. Page 6. Mr. Roy Mason, Northern Ireland Secretary, said yesterday that prisoners in prison jails who refused to accept prison discipline could not hope for amnesty.

Icy conditions strand thousands

Thousands of motorists were stranded after the Christmas break yesterday. Numerous breakdowns were reported. Temperatures fell as low as 8.8 degrees Centigrade. Many trains were delayed because of frozen points. A dense blanket of freezing fog caused diversions from London's Heathrow airport to Luton, Manchester and Gatwick.

Richard to see Smith

Mr. Ivor Richard, chairman of the Rhodesia conference, is to meet Mr. Ian Smith, Rhodesian Prime Minister, this week-end and may see Mr. John Vorster, South African Premier, early next week in the course of his diplomatic shuttle. Back Page

Brezhnev hopes to meet Carter

Mr. Leonid Brezhnev, Soviet foreign minister, is expected to visit the U.S. in the near future, according to the idea of a summit meeting with Mr. Jimmy Carter after Mr. Carter becomes President in the New Year. Page 4. The Jimmy Carter team, Page 10

Sticky problem

Police warned yesterday about 300 tubes of Super 35 which have been stolen from a Bristol do-it-yourself shop. The glue tubes only second to set. Somebody spilling it on a finger and then touching their face might have to go to hospital to be unglued.

Briefly...

Simon Jenkins, who is 33, is to edit the London Evening Standard from January 1. News Analysis, Page 7. Men and Women, Page 10.

Portugal's Budget and Economic Plan for next year were passed by the Assembly yesterday, but opposition parties indicated the Government could not expect further problems facing Lisbon. Page 4.

Flatwood trawlers are heading for seas off Greenland for alternative cod supplies now they cannot fish Icelandic waters. Norway's fish policing was, Page 4.

BUSINESS

Equities and gilts gain; gold up \$1½

EQUITIES were firm, but official markings were below the 2,000 level. The FT 30 Share Index improved 2.7 to 240.1. Oil shares were wanted, with the FT-Accum Index for the section rising 2.5 per cent to a year's high of 426.87.

GILTS held on to gains of 1 in mediums and longs, while losses in shorts were limited to 16.

STERLING gained 1½ pence compared with Friday at \$1.7035 and its weighted depreciation narrowed to 44 (44.4) percent. Dollar narrowed to 1.59 (1.56 on Tuesday).

GOLD rose \$1½ to \$134½ (\$133) on Friday.

WALL STREET was 3.90 lower at 996.18 near the close.

CASH TIN rose to an all-time peak on the London Metal Exchange, gaining \$105 to \$5,130 a tonne. Page 17

Energy surplus 'until 1990s'

CONTRARY to recent claims that Britain's energy self-sufficiency will be short-lived, a report by Cambridge Information and Research Services foresees plenty of spare fuel being available for export well into the 1990s. Page 6. The U.K. is well on course to become a self-sufficient in oil by 1980 according to Mr. Anthony Woodcock, Energy Secretary. Back Page

THE TREASURY is considering a new system of parliamentary control over public spending, including the possible merger of the estimates procedure and cash limits. Back Page

PRESIDENT FORD has rejected for foreign policy reasons a sweeping plan recommended last summer by the U.S. Civil Aeronautics Board that would have created 11 new international "gateway" cities from which U.S. airlines could fly direct to London. Page 5

PETROMIN, the Saudi Arabian State oil corporation, has engaged consultants in a bid to boost direct sales and output from the Aramco oilfields as a means of stabilising the world price for crude. Back Page

AUSTIN and Pickersgill, the Sunderland shipbuilders, ended its 150th anniversary year with news of a further five orders for its general cargo vessels bringing the year's total to 22, worth about £120m. Back Page

CHRISTMAS shutdown is creating a bad image for Britain abroad, according to the London Chamber of Commerce.

Many beers to go up by 2p

MANY BEER prices will be going up by 2p a pint before the end of January as brewers add their own increases to the duty rise imposed in the mini-Budget. Page 7

ITALIAN CABINET is expected to-day to authorise the allocation of emergency funds to EGAM, the State mining agency, a number of whose operating companies are facing bankruptcy. Page 14

FRANCE'S two biggest unions will mount a programme of strikes in January in protest against the Giscard Government's anti-inflation policy and unemployment. Page 4

VIETNAM has drafted a code for foreign investors, aimed at attracting investment in exploiting natural resources, agriculture and industry. Page 5

TOKYO STOCK Exchange ended the year at its highest level since August, 1973. Page 15

BOWDEN GROUP, engineers, reports lower first-half profits at £1.54m. (£1.63m) after allowing for European reorganisation losses of £0.7m. Page 12

U.S. economy index rally may change Carter package

BY JUREK MARTIN U.S. EDITOR: WASHINGTON, December 29

Prospects for a pick-up in the American economy were improved sharply today by the news that the Government's index of leading economic indicators had risen by 1 per cent in November. This may well have some impact on the stimulative package that Mr. Jimmy Carter, President-elect, is planning for the economy.

Mr. Carter has said consistently that the size of the package will depend on the latest readings on the state of the economy—and these have suddenly become much more encouraging.

This is the best performance in this measurement of future economic activity since the early summer when it must be noted, sharp advances in May and June were followed contrarily by a sudden sag in the economy.

The Commerce Department also revised upwards its index for October, which had been estimated as unchanged from the previous month. The index is calculated to have risen by 0.8 per cent, giving two consecutive months of encouraging increases.

A month ago Mr. Carter and his advisers were saying that they had imagined and Mr. Bert Lance, his new budget director, was even suggesting that the economy was on the verge of, if not already back in a recession. It had seemed possible that Mr. Carter's package, embracing tax cuts and programmes designed to ease unemployment, could be necessary in the \$20-30bn range.

The AFL-CIO, the trades union organisation, still thinks the higher sum is required. Even so, Mr. Carter said yesterday that the economy is recovering.

Continued on Back Page

Rubery Owen plans pay reform talks with unions

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

RUBERY OWEN is planning a new initiative to sort out the chaotic payments system at the troubled Darlaston components factory. It hopes to open negotiations with the unions on a reform of the disputes procedure and the introduction of a uniform payments structure. Mr. John Owen, managing director, said last night.

Meanwhile, the future of the company will remain in the balance until next Tuesday when 60 striking electricians meet to consider the peace formula.

Mr. Len Murray, general secretary of the TUC, broke the deadlock in the dispute by calling together leaders of the three unions at the plant for discussions with management.

The strikers cannot be called to consider the formula until 7 a.m. on January 4, the day the factory starts up after the Christmas break. It is also the deadline by which normal production must be resumed if closure is not to be considered, management has warned.

There is some concern within the electricians' union that the men may balk at the return-to-work formula.

The electricians mounted a sit-in demanding £100 a man compensation for the last three days of a three-week strike by maintenance

engineers. Under the formula, the company will make a donation of around £5,000 to the Electrical and Plumbing Trades Union which will then pass on the money to a charity of its choice.

While the gesture goes some way towards saving face for strikers, it means they will get

no reward for their militant stance—this after three weeks on unemployment benefit during the engineers' strike and two weeks of sit-in when they were eligible only for social security payments.

The deal is designed to avoid similar demand from 1,900 other manual workers at the plant. But should the electricians reject the formula at the last minute it will not put the Electrical and Plumbing Trades Union on the spot—it is recommending acceptance—but also place the whole factory in jeopardy.

Mr. Owen said last night that getting the electricians back to

work was only the first hurdle. "We have got to make a big improvement in a short time to convince our customers and bankers that we are viable."

The company could operate profitably but the fundamental problems at the root of the labour troubles had to be tackled.

A meeting had been called for next Tuesday between management, shop stewards, and regional union officials to consider how the national engineering disputes procedure could be implemented at Darlaston.

Management would want to extend negotiations to include examination of the internal disputes procedure. In recent months, the machinery for handling problems had broken down, a situation which could not be allowed to continue, Mr. Owen maintained.

The company would also be pressing for a single payments system to overcome divisions within the plant caused by two different types of piece workers operating alongside hourly paid.

Mr. Owen hoped a uniform system might be achieved even though it would be impossible, in the short term, to remove anomalies and inequities in earnings. Such a move would prevent injustices becoming a target for Government pay policy, he became more flexible.

After a loss of £45m, from April to September it is relying upon sustaining sales between now and next March to recoup prices of railway materials, some of the earlier financial losses and to achieve an annual production of some 21m. ingot tons.

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Pound rallies again to \$1.7055

BY MICHAEL BLANDEN

THE POUND strengthened again yesterday to its best levels for three months, closing in London at \$1.7055 after showing an improvement in New York dealings on Tuesday.

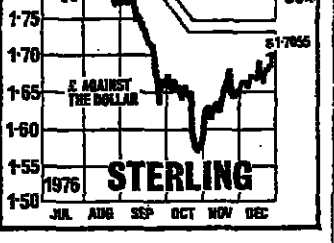
At the same time Mr. Denis Healey, Chancellor, took an optimistic view of two of the main factors affecting confidence in sterling—the prospects for the sterling balances safety net and for the next stage of U.K. wages policy.

He said in a newspaper interview to be published to-day that he was convinced a solution would be found in the near future to the problem of the sterling balances and that he had received assurances from West Germany and other EEC countries of their co-operation.

He told the weekly Deutsche Zeitung that he was confident that agreement could be reached with unions before the spring Budget to extend wage restraints for another year.

It also seems clear that Mr. Genser is not going to launch immediately into the sort of spending programmes on the social front that some had feared. Mr. Joseph Califano, his Secretary for Health, Education and Welfare, said yesterday that welfare reforms and the introduction of a national health insurance would have to be brought forward gradually and at a rate which the country could afford.

Continued on Back Page



The continued gain in sterling took place in fairly thin markets, reflecting a number of factors. These included the relative weakness of the dollar after indications of a further easing of U.S. interest rates and apparently favourable year-end factors.

Yesterday's closing level represented a gain of 1.50 cents from last Friday's level in London and an improvement of about half a cent from Tuesday's New York rate. The effective depreciation of the pound from December 1975 levels narrowed to 44 per cent, compared with 44.4 per cent on Friday.

Exchange markets also were affected by the continuing shortage of funds in the London money markets. The Bank of England yesterday took the opportunity to give a clear signal through its market operations that it did not want to see a further fall in its minimum lending rate to-morrow. This confirmed indications given last week that the Bank would like the pace of decline in MLR to slow after two successive reductions of 1 per cent to its present 14½ per cent.

Fighting groups in Peking have been ordered to disband and hand over their weapons, ammunition and explosives. Those who refuse or hide, destroy or pass on their arms to others have been warned to expect severe punishment. Gang bases and checkpoints are to be "disbanded" by the Army.

Prisoners detained by the gangs must be released, with all stolen cash, vehicles and grain. Gang leaders have been threatened with serious penalties but those who confess or admit

Sharp clashes reported near Peking

BY COLINA MacDOUGALL

REPORTS from Peking yesterday of serious violence in the industrial city of Paoing, about 200 miles south of the capital, suggested that the new Chairman Hua Kuo-feng and the forces of law and order have faced problems of factional strife more severe than previously thought.

Grave disturbances in Paoing were said to have broken out after the arrest of the Gang of Four, Chairman Mao Tse-tung's widow and her three colleagues. They have been accused of attempting to usurp power.

Yesterday's reports spoke of what appeared to be virtually private armies operating with stolen weapons and motor vehicles, setting up headquarters, sabotaging transport and taking prisoners.

It is not clear to what degree of trouble continues or whether it constitutes a genuine and united opposition to the Peking Government.

Peking reports said the troubles in Paoing and the surrounding Hopei Province dated back many months. Even if outward calm is restored, the Peking leadership may have to contend with opposition and factional strife for a long time.

Yvonne Preston writes from Peking: Armed gangs supporting the Gang of Four and opposing Chairman Hua are reported to have robbed banks, raided ammunition factories, grain stores and shops, hijacked military vehicles and blown up factories. They are said to have sabotaged telecommunications and railway lines, seized their opponents, raped women and built secret arms caches with stolen or home-made explosives.

Fighting and other violence have been reported from more than a dozen of China's 29 provinces. Officially, Chinese officials have admitted to a long-standing law and order problem in Hopei Province—and Paoing in particular—of strategic importance, as the province surrounds the capital.

The "task" of clearing up the city is in the hands of the army, though the military has apparently not taken over the provincial administration as it was directed to in Pukien, the troublesome coastal province facing Taiwan.

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in being deceived are to be leniently treated so long as they immediately hand over their weapons.

Civilian authorities are plainly having difficulty in maintaining public security and continuing disorder in provincial centres is causing problems for China's leadership.

The struggle between rival supporters of Hua and the Gang of Four has inspired a spate of criminal activity and provided the opportunity to settle old scores built up in the ten years since the bitter strife of the Cultural Revolution.

The struggle against the Gang of Four is far from over. The extent of the gang's support suggests that a major purge down to the most basic administrative level in the provinces may be necessary to consolidate Hua's position.

In a major speech on Christmas Day Chairman Hua warned of a protracted struggle and emphasised that smashing the Gang and their supporters was the priority task for 1977, a virtual admission that the four had more than a toehold on many provincial administrations.



Chairman Hua ordered arrest of Gang of Four

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PC Gas	258 + 11	
Midland Bank	215 + 8	
North Westminister	122 + 8	
Pride and Clarke	122 + 8	

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First Division champions will need consistency

BY TREVOR BAILEY

up and played some of the finest football in the country, come something of a shock. My hunch is that two, possibly three, will wriggle clear and Bristol City, who came up from the Second Division, with an exceptional team, will return to it. Despite several new acquisitions, it would not surprise me to see Stoke sink with them.

What has gone wrong with Manchester United, who were not only in sight of the illustrious double last season but were a source of pleasure to some

re have exploited a
se has never been al

Derby County are another team who have slipped badly. This has been largely due to internal problems and they are now in a transitional stage, which applies to the once formidable Leeds. Apart from Aston Villa, Birmingham are probably the most improved team in the First Division. They represent a good bet for the FA Cup.

Benson and Hedges was £100,000.

GUIDE

THEATRES

SHAWTHEATRE Smaller Screen 6:30pm	Smileys Sageen. Daily 3-5 and Sat. 10-12. Daily 4-5 and 7-9 evenings. W EMU IN PANTALON With all-star cast	01-536 6340 Daily 3-5 and Sat. 10-12. Daily 4-5 and 7-9 evenings. W EMU IN PANTALON With all-star cast
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The Salle Favart

by RONALD CRICHTON

Rolf Liebermann, able and energetic administrator of the Réunion des Théâtres Lyriques Nationaux, the association of French lyric theatres, who is automatically in charge of the Paris Opéra, has pretty well succeeded, with the aid of subsidies materially increased during the Pompidou régime, in restoring that splendid but unmanageable showcase to a leading position among the world's international opera houses. But as a musician with one eye on the future and a sound knowledge of the past, Mr. Liebermann is aware that so far as Paris is concerned, Garnier's palatial Opéra is not the whole story.

In a couple of interviews published in *Lyrica*, the lively French equivalent of our *Opera* magazine, Mr. Liebermann is specific about the relative importance to French music of the Opéra and another of his nominal charges, the Opéra-Comique, the smaller house taken over a few years ago by the Ministry of Education as an opera-studio for training

what I saw, including those little one-acters (Adam's *Le Songe* is one I recall) which presumably one will never catch again.

Mr. Liebermann would like to refurbish the old repertoire and commission suitable new works. As for the past, he wouldn't, one hopes, forget teaching later composers like Méhul, Grétry, Boieldieu, and Auber, who seem to appeal more to foreign musicians like Beecham or Strauss than to the French themselves, sadly ignorant about their own musical treasures, except when fashion suddenly dictates that some figure or other shall be rediscovered. He would like to tour some productions in the regions, to return hospitality by inviting some regional productions to Paris—in France as with us some of the most interesting operatic work is being done outside the capital, and possibly to invite dramatic productions as well.

That would depend on an accommodation with the Ministry of Education—nobody would deny the importance of an opera-studio, but it seems a pity to immobilise a major theatre in the process of creating one. Meanwhile, a temporary compromise has been reached. The Opéra-Comique, for a given number of nights to stage with its own French soloists, chorus and orchestra, two new productions. The first of these, Rossini's *Le Comte Ory* (in spite of the composer's nationality, a French comic opera with libretto by Scribe and Poisson) was mounted earlier this month. Judging by the size and evident pleasure of the audience at the seventh performance, the experiment has worked and we may yet see the building in full use again.

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purposes. "It is the Opéra-Comique, not the Palais Garnier, which has always played a spear-head role in French life. The Opéra has been sterilised since its opening... Of course he is right. The Opéra's contribution to musical history by way of producing important new scores by French composers is slender indeed compared to the Opéra-Comique's tally—*Mignon*, *Carmina*, *Manon*, *Les Contes d'Hoffmann*, *Le Roi malgré lui*, *Pelléas et Mélisande*, *Le Cid*, *L'Éclaircie*—are some of the famous works christened at the Opéra-Comique.

Needless to say, not everything was achieved. The Opéra-Comique was the guardian of the main French repertoire. For the greater part of the year one could see, apart from the obvious favourites, such operas as *Werther* or *Les Pêcheurs de perles* in performances not always models of brilliance or refinement (some of the small-part singers might have been there since the 1880s) but usually better than was believed by snobs who never went near the place. I still kick myself for what I missed in the years just before and after the war (*Mignon* and *Le Roi d'Ys* are two sad gaps) and am grateful for



The Opéra-Comique

South African plays at the Royal Court

Uthlaga (the reed) by James Mkhabela (the actor) and Mshengu (the director) will open at the Royal Court on January 3. The play, which is a comedy, is set in a village in the Transvaal. It is a story of a man who is killed and his family's quest for revenge. The play is a powerful statement on the violence and injustice of apartheid.

Offenbach at his zanier contemporary, such as Hervé—if, that is, Mr. Liebermann is willing to break down the old barrier between comic opera and opera. The first of these, Rossini's *Le Comte Ory* (in spite of the composer's nationality, a French comic opera with libretto by Scribe and Poisson) was mounted earlier this month. Judging by the size and evident pleasure of the audience at the seventh performance, the experiment has worked and we may yet see the building in full use again.

New York theatre

Upturn at the year's end

by GEORGE OPPENHEIMER

Finally, after a doleful three months, a ray of light has come. The first good comedy of the season is *Sly Fox*, adapted from Ben Jonson's *Volpone* by Larry Gelbart, who co-authored the antic *A Funny Thing Happened on the Way to the Forum* and other works. It has as its star George C. Scott who, heretofore, has concentrated on drama rather than comedy, and it has been directed by Arthur Penn in splendid fashion.

The Jonson plot line remains almost unchanged. Gelbart has moved it, however, from Venice in the 17th Century to San Francisco in the early 1800s. Volpone has become Foxwell J. Sly, a major domo, the President Theodore Roosevelt but wily Moscovitz is now Simon Able in the person of Hector Elizondo.

The result is bawdier, broader and funnier in a slapstick manner than either Jonson's original or the excellent adaptation made in the Twenties by Stefan Zweig. Scott plays two parts, Volpone and the Judge who judges him when he is accused of rape. As the Fox he is amazingly comic for so serious an actor. However, when he becomes the Judge, he lapses into a cartoon, acting like a combination of Groucho Marx and a villain out of some well-forgotten melodrama. The rants and shouts and generally misbehaves.

Elizondo, on the other hand, is almost too restrained, standing apart from the others who are on the whole, little short of hilarious. Especially wonderful are Jack Gilford as the senile doddering Crouch and Jack Gilford as the wife for Sly's gold. They stand out and grace every scene in which they appear.

Trish Van Devere, Scott's real-life wife, brings charm and a touch of sanity as the bartered bride, while John Hoffman turns the proceedings to madness with his comic interpretation of an Urish Heapsish lawyer. Gelbart's dialogue borders, at times, on the lewd, but most of the time it is heard as a good clean fun. There are more laughs in *Sly Fox* than in all the jazz-rock unit Red Kross. Light-

house is a quartet which comprises an intriguing combination of the well-established bass player Harvey Weston with two younger players in pianist Pete Saberton and drummer Paul Robinson.

James Blades launches Youth and Music Leeds

Youth and Music Leeds is to be launched on Friday, January 14, with the first of just over 60 events on offer to members in the first five months of 1977. The opening event is in the hands of James Blades who will be presenting his *World of Percussion*. This performance will be followed by a concert by the Leeds Girls' High School and begins at 7.30 p.m.

Mr. Blades is appearing the following evening (Saturday, January 15), at Archbishop Holgate's School York.

Notice of Redemption

Transocean Gulf Oil Company

8% Guaranteed Debentures Due 1984

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of December 1, 1969, under which the above-designated Debentures are issued, \$2,000,000 aggregate principal amount of such Debentures of the following distinctive numbers have been drawn by lot for redemption on January 30, 1977 (herein referred to as the redemption date):

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German unions give signs of tougher line with Bonn

BY NICHOLAS COLCHESTER

BONN, Dec. 29.

THE WEST GERMAN trade unions, after a year of remarkable co-operation with Chancellor Helmut Schmidt's Government, have signalled a tougher and more independent stance. They have given vent to pent-up frustrations over unemployment, over continued demand for pay restraint, and, not least, over their image as toothless camp-followers of the establishment.

The friction between the unions and Herr Schmidt's recently installed Government was at first an offshoot of the row about pensions which clouded Herr Schmidt's re-election as Chancellor and led to the resignation of the Minister of Labour, Herr Walter Arendt. But this week, it escalated into a significant, if somewhat over-inflated, political development in its own right. The chairman of the DGB, the German equivalent to the British TUC, Herr Heinz-Oskar Vetter, said that his ability to compromise with the Government was at an end.

He explained that 1975 had confirmed the unions' mistrust of the thesis that higher profit would lead to less unemployment. "Jobs are not created with higher profit," he complained. "They are rationalised away." He continued, "If the social market economy, the governing principle of our country, is not in the position to restore full employment very soon, then the question arises as to whether it is an acceptable principle for the future, he said. The union leader demanded that more Government stimulus of the German economy, and that the functions of Government and unions were not the same, and that it was only natural that different interest groups should re-evaluate their positions after a change of Government. There has been a growing feeling in the Chancellor's office and elsewhere that the trade unions' image in West Germany was becoming rather unhealthily associated with the powers of Bonn and boardroom, and that there was the possibility of a dangerous estrangement between unions leaders and rank-and-file.

Nevertheless, the desire on the part of the German unions to correct this image and to dissociate themselves from the current level of unemployment, from the pension problem, and from a revised system of worker-participation in management that still gives the shareholder the upper hand, will doubtless lead to a greater degree of argument between unions and Government in the coming year. The wage settlements will be just that bit less remarkable by the rest of Europe's standards, and the regular economic policy sessions in Bonn involving unions, management, government and Bundesbank — should prove rather more abrasive than they did during 1976.

Statfjord development plan to be reviewed

By William Duffice

STOCKHOLM, Dec. 29.

THE DEVELOPMENT PLAN for the Statfjord off-shore oil field, the biggest so far discovered in the North Sea, is to be re-examined, Statoil, the Norwegian state oil company, announced in Stavanger today. The reason for the "comprehensive re-evaluation" is a letter from the Norwegian Petroleum Directorate stipulating that in the interests of safety a separate living quarters platform must be built alongside the second production platform, Statfjord B.

The re-examination will delay the development of the field and increase development costs, which have already soared from the original estimate of Kr20bn. (\$2.3bn.) to Kr33bn. (\$3.8bn.), including the cost of a submarine pipeline to the Norwegian coast and a wet gas plant. Statoil said today it could not estimate how long the re-examination would take.

A minor part of the Statfjord field, which has proven reserves of 3.9bn. barrels of oil and 150bn. cubic metres of gas, extends into the British sector, and the British National Oil Corporation has a 3.7 per cent share in the field. Statoil has a 44.4 per cent interest, with Mobil, the operating company, holding 13.3 per cent, and Conoco 12.6 per cent.

Work on the Statfjord B platform project has been temporarily halted, and Norwegian Contractors, the builders of the Conoco concrete platforms, who expected to receive a firm order for the second production platform, will have to wait at least until next spring before any decisions can be made.

Statoil said today the group would have to re-evaluate the whole concept for the second platform, to come up with alternatives which would satisfy the Petroleum Directorate's demand for a separate structure for the operating crew's living quarters. Work will go ahead on the first production platform, Statfjord A, which is due to be towed out to the field in May, one year behind the original schedule.

The Petroleum Directorate has asked the group to look more closely into safety precautions on Statfjord A, especially at the living quarters, but without demanding that a separate platform be built. Statfjord A is scheduled to come on stream in the first quarter of 1977.

Poles in riot trial allege police beatings

WARSAW, Dec. 29.

THREE POLES on trial here charged with ripping up railway tracks during summer food riots, told a Warsaw court today that they had been savagely beaten by the police. One of the accused, Mr. Marek Majewski, pleaded not guilty and said his jaw had been broken by a man in plain clothes during demonstrations on the night of June 25 as he was arrested at Ursus, near Warsaw.

Western reporters were unable to enter the courtroom of the Warsaw district court, but reports from eye-witnesses said that the other two accused, Mr. Jerzy Malchewicz and Mr. Adam Zukowski, also said they had been badly beaten after arrest. All three are former workers of the Ursus tractor plant, which was the scene of one of the most violent demonstrations by workers against increased food prices. One of the best-known events during the June 25 disturbances was the tearing up of railway tracks near the Ursus plant, marooning an international express and halting dozens of local trains.

Mr. Jacek Kuron and Mr. Jozef Lipski, two members of the Workers' Defence Committee, an unofficial body set up in September to aid workers, were arrested after the riot, were absent from today's trial after planning to attend. According to one source, police called on Mr. Kuron at 6 a.m. but said he failed in his attempt. He said he had drunk two bottles of wine, according to the eyewitness report.

Mr. Zukowski told the court he had been so badly beaten after arrest that he admitted charges. Today, however, he denied having threatened a driver of the detailed locomotive, but admitted he had unscrewed a few track bolts. Court officials expected a verdict later today.

UPI adds: Police today raided the home of dissident historian, Mr. Jacek Kuron and confiscated copies of communiques prepared by the Committee, Mr. Kuron was trying to unscrew track bolts, said.

Norwegian plans for fish zone surveillance

By Fay Gjester

OSLO, Dec. 29.

NORWAY'S PLANS for patrolling its new 200-mile economic zone were outlined at a Press conference here today by Foreign Minister Knut Frydenlund, Minister for Fisheries Limits Jens Evensen and Defence Minister Rolf Hansen.

Thirteen vessels have initially been earmarked to patrol the zone, which comes into effect from January 1, and ten of them will be operative from that date. Of the 13, seven have been hired to tide the country over until the establishment of a planned new coastguard service, incorporating seven new purpose-built surveillance vessels.

For the time being, the Ministers stated, Norway will not attempt to enforce fisheries rules on foreign vessels operating in the 60,000 square-kilometer area of the Barents Sea where Norway and the USSR have conflicting claims, because of failure to agree on a continental shelf boundary. In these waters, Norwegian surveillance ships will exercise authority over Norwegian fishing vessels only.

A conference in Oslo just before Christmas failed to settle the continental shelf boundary dispute, and the USSR has announced yet another series of rocket tests in the part of the Barents Sea which it claims. Nevertheless, the Norwegians hope that the USSR will soon agree to discuss the boundary, and that the Government can regulate fisheries in these waters.

Brezhnev in favour of meeting Carter

BY DAVID SATTEN

MOSCOW, Dec. 29.

SOVIET leader Mr. Leonid Brezhnev has responded favourably to the idea of a summit meeting with Jimmy Carter during his 1977. Experience has shown that the usefulness and fruitfulness of summit meetings, Mr. Brezhnev said in response to questions from U.S. news executives Mr. J. Kingsbury-Smith, "Therefore, we want such meetings to continue."

Mr. Brezhnev said a date for a new Soviet-American meeting will be decided by mutual agreement, and will depend on progress on "corresponding questions." These are thought to be the strategic arms limitation talks, which have become bogged down over disagreement about the Soviet Backfire bomber and the U.S. Cruise missile.

The Soviet leader took the opportunity to reiterate that the Soviet Union does not threaten anyone, and is not going to attack anyone. Instead, he is inventing "mythical threats" to justify the arms race, Mr. Brezhnev said. The point was to discuss existing problems in a businesslike manner. He called for a new strategic arms limitation agreement, based on the 1974 Vladivostok accord, at the earliest possible date, and said that, judging by Mr. Carter's recent statement, the U.S. also understands the urgency of the disarmament problem. "One should like to hope," he said, "that this promises an early success."

French unions announce programme of strikes

BY DAVID CURRY

PARIS, Dec. 29.

THE TWO BIGGEST French unions have announced the increase in the cost of living for 1977, have declared that they will seek the widest possible protest in the State for November by announcing a programme of strikes in January.

The Communist CGT and the Left-wing CFTD, which earlier this month called strikes in the State-owned power utility, the railway, and the postal service, refused to honour a wage agreement guaranteeing a 10.1 per cent increase.

Hundreds of thousands of unemployed, homeless refugees are posing immense social problems for the Lisbon Government.

Diana Smith describes

Fear and desperation in the Portuguese limbo

TOMORROW 2,500 refugees from Portugal's former colonies are still living in luxury hotels in Lisbon must get out of them because the Government is to stop paying their bills. By the end of March, tens of thousands more must abandon second class hotels.

"God knows where we'll put them," says an official of the Institute for Aid to Returning Nationals (IARN). "Alternative accommodation just isn't available. God help them—some families sleep in barns with the cows."

The "retornados" (returned people) in the hotels are among hundreds of thousands of refugees from Angola, Mozambique, Sao Tome, Cape Verde, Guinea-Bissau and Timor who face a bleak New Year in Portugal.

No one knows the exact number of these people, but children of all ages and colours who poured into this overcrowded, economically debilitated country from the summer of 1976 onwards, fleeing political upheaval, war, or new left-wing regimes.

The Government puts the total at about 750,000. But IARN, a Government-sponsored organisation dealing with the daily headaches of homeless, jobless and often homeless refugees, claims the number is closer to one million.

Thousands came by air lift. Portuguese airline staff gave up time off to get them out quickly and the U.S., Britain, France, Germany and Switzerland lent aircraft to speed up the evacuation. Some Angolan refugees braved the sea and sailed in fishing boats, others in small boats, others in small boats, others in small boats.

Refugees came in such droves that the authorities had to use every vacant space possible. Bewildered people were put into luxury and second class hotels, boarding houses, disused hospitals, sanatoria high in the mountains, forgotten, once elegant spas, workers' holiday camps, tourist villages, abandoned military barracks, and even prisons.

An entire wing of a women's prison near Lisbon is turned over to the retornados. People in their twenties, families with small children and middle-aged couples are free to come and go, but they sleep behind bars. "We're desperate," said an IARN official. "We don't know what to do with them."

Some 70,000 refugees are staying in tourist accommodation in Lisbon, but when warmer weather comes and visitors return they must go elsewhere.

Hundreds of Timorese huddle in a camp of tents and half-finished prefabricated huts, while others are sheltering in flimsy blouses and shorts in winter wind and rain. "I want to help them," cries a social worker, embracing a tiny child, "but I can do so little."

Many Timorese are of Chinese origin and do not speak a word of Portuguese. They are frightened by, surrounded by, which they fear they may never escape.

The social and human problems, staring into space, waiting for something useful to do.

Lonely old people who migrated to Angola or Mozambique decades ago and whose relatives are all dead, wait in cheerless camps for a more congenial home.

Some refugees have relatives here but the family home is no real haven. Cousins, brothers, and sisters resent those who did well in Africa, sent no money home and now demand help.

The Socialist Government faces an uncertain number of hostile, distrustful people, many of whom blame Socialists for their share in Portugal's hasty decolonisation and failure to make provision for the return of refugees.

Government representatives, including the Prime Minister himself, Sr. Mario Soares, have tried to negotiate the migration of large numbers of "retornados" to South America, Venezuela and Brazil, but have failed, in principle, to take refugees but only if they possess some skills. Few refugees have special qualifications: most are labourers, tradesmen, or farm workers.

Second-class citizens at home, generally unwanted abroad, the refugees resent their status and have too much energy to spare. If it is mischievously used, they could become political dynamite.

"Bored, tense men mill around Lisbon's main Rossio Square, day and night, seeking a friendly face, killing time. Bored, tense adolescents dabble in drugs."

Guinea-Bissau and Timor who face a bleak New Year in Portugal.

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Doubts on future of Soviet rival to Concord

By Our Own Correspondent

MOSCOW, Dec. 29.

THERE IS still no indication when the Soviet Union's supersonic TU-144 aircraft will enter regular passenger service a year having passed since its inauguration of twice weekly cargo flights between Moscow and the Soviet Central Asian city of Alma-Ata.

Originally called for passenger service to begin in the second half of 1976, but in recent months Soviet officials have been very reticent about the aircraft's prospects, and the speed of its development has been questioned by observers who believe are causing the delays.

In contrast to the heavy publicity given to plans for the TU-144 by the Soviet media, the aircraft was not mentioned by Aviation Minister Boris Bugayev in a report to the November 29 issue of the Government newspaper Pravda, describing new passenger aircraft to be introduced during the 1978-80 period. There are no obvious facilities for handling TU-144 passenger traffic, either at Moscow or at Alma-Ata, points of origin of flights to Central Asia and Soviet far east.

Amid the prevailing uncertainty, attention has focused on the £10m. contract signed last month by the USSR's Luch Aerospace for the purchase of an electronic fuel injection system for the TU-144. It has been assumed that the TU-144 was using too much fuel. The Luch contract, when it is signed, will be a significant step in the development of the TU-144, but it will be some time before it can be put into regular passenger service.

Press briefing on Carrillo broken up

MADRID, Dec. 29.

POLICE TO-DAY halted a press conference by a group of Italian legislators pressing for the release of Sr. Santiago Carrillo, the jailed Spanish Communist Party leader. The five-man delegation has been in vain for two days to see Government officials about Sr. Carrillo, whose arrest has provoked protests by thousands of people in Madrid last week.

As the Press conference began in a Madrid hotel, plain-clothes policemen interrupted, saying it was an unauthorized meeting. The Italian legislators said they would make a strong protest when they returned home.

In a written statement, the Italian groups said the attitude of the Madrid authorities was "unjustifiable and contrary to all international principles and relations with the EEC which have to be reconsidered because, without true democratic change, there was no effect it could achieve closer relations with western Europe. Most of the delegation later left for Rome.

An appeal against charges of illegal association against Carrillo is in the hands of the court, a special body set up in the Franco era to deal with political offences.


Chure

BY HUGH O'SHEA

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WORLD TRADE NEWS

U.S. commission reaffirms injury by shoe imports

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Dec. 29.

THE U.S. International Trade Commission has for the second time this year concluded that the American shoe industry is being injured by imports of foreign non-rubber shoes.

The Commission made no specific remedial recommendation but will do so on January 6. However, this will be under different rules than were in force ten months ago when it came to a similar finding.

Then the five-man Commission was divided three ways in its recommendations. President Ford was therefore able to reject imposition of import controls, instituting instead a programme of financial relief for the domestic shoe industry, which is

concentrated in such States as New Hampshire and Missouri.

Now, however, a recommendation by three members of the Commission counts as the position of the full Commission. The President has 60 days in which to decide whether or not to accept the recommendation. If he rejects it, then Congress may override him.

The problem, therefore, is likely to fall into President-elect Carter's lap when he takes over next month, though conceivably a Commission recommendation

in favour of higher tariffs or outright controls could be taken up by Mr. Ford before he leaves office on January 20. The Com-

mission may not, however, take that course.

The matter was brought back to the Commission by the Senate Finance Committee, itself a reflection of the level of concern in Congress over the subject. Leading Democratic senators such as Mr. Muskie of Maine and Senator of Missouri, not generally known for protectionist policies, have responded to the crisis de coeur of their constituents and may not be easily denied this time, if things come to a head.

The fact that South Korea is a principal supplier of foreign shoes to the U.S. market may have some influence on any Congressional action.

Japanese win Soviet plant order

TOKYO Engineering and Mitsui have jointly won a \$100m. order from the Soviet Union for two compound chemical fertiliser plants. Reuters reports from Tokyo: Each plant will have a daily capacity of 1,840 tonnes of compound fertilisers, containing nitrogen, potassium and phosphoric acid.

Mitsui said delivery will be made between May, 1978, and September, 1979, with production starting 18 months after delivery. Both Mitsui and Tokyo Engineering declined to comment on payment terms.

Meanwhile, Marubeni and Hitachi Shipbuilding and Engineering have received a \$33m. sugar plant order from Compañia Agropecuaria Forestal Industrial (CAFI) of Ecuador.

The plant order consists of two units, one capable of producing 5,000 tons of raw sugar per day and the other 180 tons of refined sugar per day.

Scrap steel quotas raised

By Roy Hodson

THE GOVERNMENT has responded to the depressed state of the scrap steel market by raising the quota for exports of British scrap steel to 100,000 tonnes for the first quarter of 1977.

There is to be a 15,000-tonnes increase in the quota from 75,000 tonnes to 90,000 tonnes which, states the Department of Industry, takes into account the current slackness in the U.K. market.

The department recently permitted a small increase in the quota for the export of fragmented scrap to third countries for the same reasons.

Another drop in HK exports

By Philip Bowring

HONG KONG, Dec. 29.

REFLECTING the hiatus in recovery in its major markets, Hong Kong's domestic exports in November fell to their lowest level since May this year. At \$HK2,799m. they were 4.5 per cent. lower than October which was itself 4 per cent. down on September.

This is partly a seasonal factor the third quarter is generally the best for Hong Kong exports—and partly a reflection of the upward movement in the Hong Kong dollar against major importing countries. However, it seems to indicate that relative stagnation in growth has been reached.

Although October and November saw a return to deficit on visible trade account after an almost unprecedented three successive months of surplus, a 6.2 per cent. drop in imports in November compared to October does not suggest that manufacturers are anticipating demand increases.

U.K. energy surplus until 1990s, survey predicts

BY RAY DAFTER, ENERGY CORRESPONDENT

A BRIGHT and sustained future for Britain's energy industries is forecast in a new study of the market, shortly to be published.

Contrary to recent claims that Britain's energy self-sufficiency will be short-lived, the report foresees plenty of spare fuel being available for export well into the 1990s.

Energy consumers in general, and industry in particular, will enjoy a far higher degree of security of supply than in the past. "No one need be concerned about investing in oil and gas equipment on the basis of lack of forward supply," says Cambridge Information.

The report, published by Energy Markets to 1990, to be published on January 6.

The prospect of a U.K. energy gap in the late 1980s and 1990s has been raised by a number of authorities this year, often on the basis that oil and gas reserves are being depleted too quickly. The argument has also been used to support calls for additional investment in coal and electricity generation.

But the report states: "Although prospects for supply of oil and gas in the 1990s are far from definitive, this review has attempted to show that they are likely to be very substantial, even within the compass of present knowledge."

Major Governmental intervention in fuel use controls and pricing policies could distort the future supply/demand balance, however. A massive tax on gas—as proposed by some in the coal and electricity industries but so far eschewed by Government—could distort energy development.

"The continued viability of coal and nuclear generation is important but not to the extent of frustrating oil and gas development through massive subsidies

or taxation. The importance of allowing and encouraging the developing strength of the energy scene, based for the most part on its new found wealth of oil and gas, is paramount."

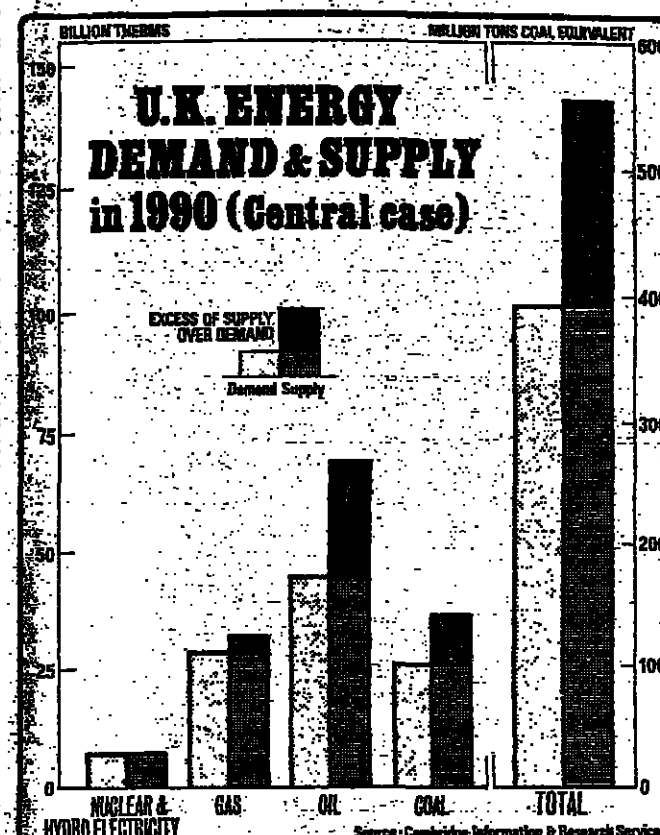
Cambridge Information reaches its conclusions by taking demand trends and matching them with projected supply. The report shows that on a heat supplied basis, energy demand over the next 13 years is unlikely to increase substantially over levels in the early 1970s. The projection is between 45bn. and 50bn. therms a year.

One reason for this stable output could be growing emphasis on conservation. Energy saving of 15 per cent. by 1985 is foreseen, partly due to better insulation and more efficient manufacturing processes. Increasing costs of fuel in real terms in the 1980s could initiate even greater savings, the report adds.

The outcome of the supply and demand equations should be a considerable amount of excess energy suitable for export.

Taking the projected match of low demand and high levels of supply in 1990, the report suggests that over 300m. tons of coal equivalent would be available for export. Even assuming that domestic energy demand will be high, the surplus of home-produced fuel could be as much as 100m. tons of coal equivalent.

Energy Markets to 1990; Cambridge Information and Research, 3, Jessel Lane, Cambridge CB2 3BA; £16.95.



The importance of the U.K. and Norwegian sectors of the North Sea to the world offshore industry is highlighted in the 1977 edition of the North Sea and Europe Offshore Yearbook and Buyers' Guide. The book points out that in the middle of the year more rigs were being operated in Western Europe, particularly

Explosion at factory ends Provo ceasefire

PRODUCTION at a large fertilizer factory in Belfast's Harbour Estate is expected to be a standstill until next week following a double explosion which signalled the end of the Provo's Christmas ceasefire.

The two bombs exploded in the compressor room at the 230m. complex of Richardson Fertilisers, which employs 350. Inspection of the damage was delayed while security forces searched for a third bomb in the area. The area was declared safe. Police are investigating how the explosives were smuggled into the closed guarded dockyard.

The bombing was the first serious incident reported by the Provo's since the ceasefire began on Christmas Eve. "It marks the end of what was only a brief lull," the Army said yesterday. "We expect the Provo campaign will build up to its pre-Christmas level."

Another explosion in Belfast yesterday caused minimal damage after a bomb was carried out of a shop on the Antrim Road by the owner.

Coal Board's deepest hole in new seam

THE NATIONAL Coal Board claimed yesterday to have bored its deepest hole, more than 3,400 feet down.

The drilling teams, formed months ago, have proved a 7 feet 9 inch-thick seam of coal between Bawtry and Blyth. The NCB said: "This enabled us to allocate reserves of additional coal at Harworth Colliery."

Coal Board headquarters in London approved a 1,400-yard tunnel from the top hard seam to the 20th floor deep soft seam at Harworth, at a cost of about £4m.

GRAIN DRYING

SEED AND CEREAL SERVICES (York) has been awarded order worth £120,000 for supply and erection of high capacity grain drying equipment as part of a new project at Fraserburgh Grain Co. Crimond, Aberdeenshire.

Government inaction may kill yards, says shipbuilding chief

BY KEVIN DONE, INDUSTRIAL STAFF

SHIPBUILDING nation in Europe without a national survival policy for the industry. At a time when order books were becoming alarmingly thin and the threat of large-scale lay-offs increasingly imminent, the industry's future still appeared to be regarded "as no more than just another bone to be tossed into the political dog-ditch."

The political haggling had to end one way or another. The call of uncertainty had to be dispelled so that the industry could formulate a policy with Government which would give shipbuilding at least a fighting chance of survival as a major industrial force.

Grim results

"Only by moving with the almost speed now can we hope to hold our industry together and secure the future of the many thousands of people who depend on shipbuilding for their livelihoods."

Shipbuilders all over the world were facing the same grim results of gross overcapacity, but Mr. Wright attached special importance to being irreversibly expansionist in the past 10 years. The Japanese were willing to embark on savage, cut-price competition to maintain this vast capacity at almost any price.

The most welcome recent portent was that European shipbuilding nations were coming together to plan joint defensive action.

National Savings interest higher

HIGHER rates of interest will be paid on National Savings Bank accounts from January 1. Interest on the ordinary account increases from 4 to 5 per cent. per annum, and the investment account interest rate goes up from 9 to 10 per cent.

The tax-free concession on ordinary account interest will be raised to £50, subject to provisions being made in the Finance Bill.

Ennals assures doctors on pensions

By Eric Short

DOCTORS have been assured by Mr. David Ennals, Secretary of State for Social Services that no decision has been taken to amend the inflation proofing system for public service pensions.

This meeting had been sought by the British Medical Association after it had been suggested that the practice of linking increases in public service pensions to changes in the retail price index would be abandoned for the higher rates of pension.

Such a move would have serious implications for doctors who had retired believing that their pensions would be indexed to the RPI. The BMA said that it would regard it as a breach of the undertakings given by the Government to the medical profession in 1972.

Mr. Ennals also assured the BMA, which was represented by Dr. James Cameron, chairman, and Dr. Elston Grey-Turner, Secretary, that legislation would be required before any such decision could be taken and that full consultation would be held with the BMA on any decision that would affect doctors' pensions. Mr. Ennals undertook to write to Dr. Cameron on the matter.

Hospital sited over natural gas field

A NEW £12m. hospital being built at Calow, near Chesterfield, will be constructed over a natural gas field. The site was explored by British Petroleum in the late 1950s and for a time the gas was supplied to Chesterfield homes.

An official of the Trent Regional Health Authority said the possibility of tapping the wells had been considered but there was not sufficient gas to make the proposition economically over a long term.

Port's vital commodities

COAL and oil dominated outward shipments from Immingham during the first 30 weeks of this year. These two commodities contributed 73,000 tonnes out of a total of 73,000 tonnes. Steel and chemicals were also considerably heavier. North Sea steel pipes, however, showed decreases.

EEC monetary union cost warning

BY MICHAEL BLANDIN

A WARNING against efforts to push the European Community into an untimely monetary union is given in a special paper published today by the Trade Policy Research Centre.

Professor W. M. Corden, formerly of Oxford University and now at the Australian National University in Canberra, argues that "the initiative for European monetary integration was political rather than economic."

At the same time, however, "the fact that the explicit establishment of a monetary union is politically inconvertible brings home the element of illusion and play-acting in the whole movement in the European Commu-

nity that espouses the cause of economic and monetary union," Professor Corden comments.

The proposals for monetary union advanced in the original Werner report of 1970 grew from a political rather than an economic perspective, he says. "It has come to be realised that the Werner proposals were unrealistic."

At present, the European snake arrangements for joint floating had essentially become a German currency area. "There is already a real long-term commitment to staying in for any country, not even for France, the Government which has paid a good deal of lip-service to the idea of monetary integration."

Professor Corden argues that the case against monetary union has been strengthened by the widening gap in the rates of inflation among the member countries of the EEC. "Great costs would have been imposed if rates of inflation had been forced together by exchange rate union."

For this reason, any concerted movement towards union came to a dead stop in 1974. "If exchange rate relations had been fixed and demand policies had been governed by the needs of external balance, great unemployment in the initially high-inflation countries would have resulted or, alternatively, the low inflation countries would have had to increase

sharply their rates of inflation. After examining the various approaches to monetary union, Professor Corden concludes that any long-term commitment extending the snake would have to be preceded by a return to economic stability and a closer control of the inflation rate."

Realistically, the movement towards exchange rate union would follow the alignment of economic policies, not vice versa or at least the two processes would be simultaneous.

Governments, he says, are not ready for monetary union. "Real power is still in the separate capitals and it is clear that Finance Ministers do not intend to give it up."

Further rapid growth forecast in Mideast motor markets

BY TERRY DODSWORTH

A COMPREHENSIVE new survey of Middle East motor markets, conducted by the Paris-based Euroeconomies research organisation, forecasts a continuing rapid growth in both car and commercial vehicle sales over the next ten years.

The report predicts that new car registrations will rise up to an average of 9 per cent. a year, and commercial vehicle sales by 11 per cent., with Iran and Saudi Arabia showing particularly high growth.

Euroeconomies makes it clear that these forecasts have a strong subjective element because of the crude state of statistics on the industry in the Middle East. A number of assumptions on the growth of national income and road transport systems have been used.

New car registrations in the main countries of the region (Iran, Iraq, Israel, Syria, Saudi Arabia, Kuwait and Egypt) stood at about 287,000 vehicles last year, according to the report. By 1980 this will go up to 417,000 and within the next ten years to 741,000.

By that time Euroeconomies expects the total number of cars on the roads in the Middle East to be 4.2m.

Only about 46 per cent. of the 1985 market will be served by direct, built-up car exports, says the report. Some 36 per cent. will be accounted for by local manufacturing (that is, by vehicles of more than 50 per cent. local content) and another 18 per cent. by local assembly (vehicles in which most of the components are sent from overseas).

The report shows that the U.K. has a big lead in car exports to the region, mainly because of Chrysler U.K.'s contract to supply Iran. Last year 44 per cent. of the total needs of the Middle East market were met by the U.K., with Japan in second place (21 per cent.) and the U.S. and Canada in third (14 per cent.).

Japan's strength lies in Saudi Arabia, where it has 64 per cent. of the market. Kuwait (30 per cent.) and Iraq (27 per cent.).

Japan has by far the strongest grip on the commercial vehicle market in the region, exporting 144,000 units out of total sales of 268,000 last year. The U.S. and Canada were second, with 49,000 sales, followed by West Germany (39,000) and the U.K. and France, who both sold 10,000 commercial vehicles in the region.

Japanese manufacturers have developed a particularly strong position in Saudi Arabia, where they sold 80,000 commercial vehicles last year out of a total of 112,000. But Euroeconomies states that the Saudi Arabian truck market is currently saturated, and it expects a slowdown in sales over the short term. Iran was the second most important lorry market in 1975 with 67,000 sales.

New registrations of goods vehicles are expected to rise to 298,000 in 1980 and then increase again to 502,000 in 1985. Euroeconomies expects that local assembly and manufacturing will develop more swiftly in this sector of the market than in cars, accounting for some 85 per cent. of sales by 1985.

The Euroeconomies survey is published by the Economic Research with Department, Eurofinance, 9, Avenue Hoche, Paris 75008.

Tanker shipping, which is included in the figures, contributed 198m. tons to the volume of goods handled in the ports this year. This compares with 184m. tons in 1975 and 215m. tons in 1973.

Goods handled on the Rhine (inland) shipping declined to 116m. tons this year from 119m. in 1975 and 128m. tons in 1974 and 117m. tons in 1973.

Meanwhile, CBS transport figures show that the volume of goods handled by the Dutch railways continued its downward trend. The tonnage declined to 2,85m. tons from 2,75m. tons in 1975, reaching the lowest level

AMSTERDAM, Dec. 29.

Dutch port traffic picks up

BY OUR AMSTERDAM CORRESPONDENT

ALTHOUGH DUTCH ports activity has not yet reached pre-recession levels, provisional transport figures for 1976 released by the Central Statistics Office (CBS) in The Hague show some recovery.

The volume of goods handled in the ports—mainly Rotterdam with Amsterdam as the second largest port—rose to an estimated 327m. tons this year, which is at least 4 per cent. up on the 323m. tons handled in 1975. The volume handled this year thus returns approximately to the level of 1974 (326m.), but still remains 13m. tons below that of the pre-recession year of 1973 (340m. tons).

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role includes choosing the best role for the foreign and Commonwealth Office and the Department of Industry. The OSO has got down to the job of identifying the export markets with the best potential.

The four key areas have been named as Latin America, South East Asia, the Middle East and the Far East, with the Middle East and the Far East being the most immediate prospects.

The political trends in the Latin American oil industry are seen in Glasgow as presenting Britain with big new opportunities. In the majority of developing countries, and more particularly in Latin America, the rise in the world oil price had made it a national priority to exploit local resources to the maximum.

This imperative has coincided with the eclipse of the power of the major international oil companies and the rise in influence of the government-controlled state oil companies in many republics. This increase in local control means that local priorities are put first. There is therefore less likelihood than there once was that oil deposits in any given countries are left undeveloped because their development would go counter to the production and marketing strategy of a major international oil company.

Partner

And in the rush to get oil fields developed, Latin American Governments and oil companies are often anxious to diversify their sources of supply and technology away from the U.S. Britain with its North Sea experience and with ENOC its declining state oil company is often seen as a more attractive partner, a partner moreover who is willing to collaborate in joint ventures to provide offshore technology.

In terms of countries Brazil, crippled by its oil bill of \$4bn a

year, and lagging in the task of exploring its own potential, should be the first in the queue to buy offshore technology from Britain. But in the analysis of Dr. P. Forrest of OSO's Market Research Section, it is Venezuela which could eventually yield Britain its biggest assets. He points to the fact that Venezuela probably has 277bn. barrels of crude in its oil areas, not to mention the 2,100bn. in the Tar Belt along the northern bank of the Orinoco River. No one in Glasgow forgets that Venezuela is in a much better position to pay for the technology that it wants than Brazil is.

If all goes well, Dr. Forrest predicts, Britain could be working on offshore orders from Latin America alone worth up to £3bn. by the early 1980s.

At a time when the performance of British suppliers is being criticised, John d'Ancona takes an optimistic view. "With the exception of the performance of one yard, the delays in delivery can almost always be ascribed to changes in specification insisted on by the customers," he argues.

Indeed, he counter-attacks. "One of the reasons why millions of pounds worth of gas is having to be flared in the North Sea at the moment is that the compressors that were ordered were not delivered. Those orders went to manufacturers in the U.S. in general it is the case that a drilling platform is the major single order in a yard and thus gets the management's full attention while compressors are turned out on a production line and don't individually get the same individual care."

In all their activities, the OSO officials insist, they are not trying to mollify British industry and the services the charge that they are being protectionistic. If British industry is to conquer the export markets for offshore equipment, the OSO argues, it must do it on the basis of its ability to match the best efforts of its competitors.

مكتبة الامم

Another 2p on bar price of some beers

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE bar prices of many beers will be going up by 2p a pint before the end of January as brewers add their own increases to the duty rise imposed in the mini-Budget.

However, not all beers will go up as a result of the Chancellor's measures. Brewers are hoping to keep some best-selling beers free from the duty increase.

For example, Whitbread will not add the Chancellor's 1p to Trophy bitter when the group puts up other beer prices on January 16 in its managed pubs. Bass Charrington, Britain's biggest beer producer, is holding the price of its draught Worthington E, draught Bass and its draught lagers, Carling, Black Label, Tennents and Tuborg when it adds the duty increase on January 10.

Bass and its major rival Allied Breweries—the Ind Coope, Tetley and Ansell's combine—have applications before the Price Commission and hope to make price increases of their own of 1p a pint on selected beers before the end of January. Whitbread, third-largest of U.K. brewers, has told managers

Cuts warning

He gave a warning that "with high unemployment and inflation, everybody is having to cut back and the beer market is therefore static, perhaps even slightly down. We are having to fight for the sale of every barrel in both the free and tied trade."

This also explains why Watney and its major rivals have been looking closely to see to which beer brands they can give an extra marketing push by holding off duty increases.

End-of-year sales have flying start

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

WITH MANY PEOPLE still on holiday, the annual clearance sales have had a very good start for most stores. If the momentum is continued, the sales, even more important to many retailers than the Christmas build-up, could break new records, though trade is likely to become quieter once everybody is back at work.

Debenhams, which started its sales yesterday, said there were no adjectives left to describe the large volume of business. Cash sales in its Oxford Street store were more than double those on the first day of last year's sale. Reports from all its stores in the country suggested sales well ahead of what was thought an extremely optimistic forecast.

The company, which buys in a lot of merchandise specially for the sale, said that trade in the four shopping days of this week would be between 30 and 35 per cent up on the peak pre-Christmas six-day trading week. Debenhams, which started sales on Tuesday despite the banks being shut, said business was "absolutely fantastic." Trade on the first day was 45 per cent up on the London opening day last year.

Unions put on pressure at Robb Caledon yard

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE FIRST of what looks like being an increasing number of embarrassing requests to the Government to save shipyard jobs by placing speculative orders came yesterday from unions fighting to prevent layoffs at the Robb Caledon yard at Leith.

Three months notice is to be given to a third of the workforce—237 steelworkers and outfitters—after the New Year holiday. After meeting the management, Mr. Jimmy Stocks, chairman of the Forth district of the Confederation of Shipbuilding and Engineering Unions, said that because the yard was due for nationalisation it was up to the Government to help it.

"If they can build a speculative rig at Marathon they can do the same for Leith. We expect either an order from the Government or some other assistance."

Mr. Ernie Leslie, of the Amalgamated Union of Engineering Workers, said: "We attach as much importance to this yard as our colleagues in the west of Scotland do to Marathon and Govan."

The unions will be calling a meeting of local MPs and will raise the issue of aid for Robb Caledon at a meeting between the Government, unions and shipbuilders. They have told the management they will resist redundancies and would rather see work-sharing than men paid off.

Empty berths

Robb Caledon, which builds small specialised ships, will have two empty berths by March. An £1,000 ship carrier built there is undergoing trials, and a liquid gas carrier, being built, will be launched in two or three months time.

Mr. Donald Milne, managing director, said the company was having discussions with possible customers, but a new order was merely would reduce the number of redundancies, not prevent them. The company's other yard at Dundee has about nine months' work.

Jobless rise to 1.7m. forecast

BY MICHAEL BLANDEN

UNEMPLOYMENT IS bound to rise next year, perhaps to a level of 1.7m., and economic growth will be much lower than officially forecast, according to an assessment by stockbrokers Wood Mackenzie.

Taking into account the latest package of economic measures, the brokers foresee a growth of only 0.6 per cent in gross domestic product next year—far less optimistic than the official expectation of a 2 per cent output growth.

In contrast with other forecasts, the brokers expect only a marginal rise in private investment next year. The investment programme related to the North

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Remains of the scene of the Bristol blast which damaged a 300-yard stretch of the city centre.

Correction

Mitten Butler Priest & Co.

OUR ISSUE of December 22 contained an agency report of Mr. Justice Foster's judgment dismissing a High Court action by the liquidators of Mitten Butler Priest & Co. against 17 defendants.

The report stated that in March 1974, the company and all 17 defendants were declared bankrupt by the Stock Exchange. We have since ascertained that the judge indicated that the 14th, 16th and 17th defendants had not been so declared. These defendants were Mr. A. Remble-Price, Mr. R. W. Patterson and Mr. J. A. M. Marr.

We sincerely apologise to them for the error and regret any embarrassment or inconvenience which they may have been caused.

Hull passenger traffic to Europe grows

HULL'S GROWTH as a major passenger port for the Continent is shown by figures for the 13 weeks ending October 31, compared with the corresponding period last year. Passengers embarking and disembarking in the period rose from 120,977 to 147,019.

For the first aggregate 39 weeks of this year the total was 514,114 compared with 235,850 for the corresponding period of 1975.

Spillers rights cash placed in Guernsey

FINANCIAL TIMES REPORTER

SPILLERS has deposited the £150m. it raised last year through a rights issue in a specially formed subsidiary in the Channel Islands. The money has been invested in short-dated British Government stocks.

This means that Spillers, which through its baking subsidiary Spillers-French has had a prolonged wrangle with the Department of Prices about the price of bread, was sure that the Price Commission would not insist that the interest received on the money be set against interest paid on other loans, thus reducing the amount by which Spillers could raise its prices.

By investing the money in gilts through an offshore company Spillers seems to have found a loophole in the Price Code, though since the investment was originally made the Code has been changed, allowing companies to leave out of account both interest charges and payments when making returns to the Price Commission.

In November last year Spillers paid £1.5m. in a rights issue. The money was designed for expansion but was not needed immediately, so Spillers decided to invest it in gilts, which it considered offered the best return at the time. The company's merchant bank advised it that an offshore base for the money would remove any possibility of trouble with the Price Commission.

The investment was perfectly legal. British taxes have been paid on the money. But the disclosure of the Channel Islands subsidiary may not help the bakers in their negotiations with the Department of Prices.

The "big three" milling companies, Spillers, RHM and Associated British Foods, have long argued that while they may make money out of other activities they make little profit on bread, and cannot be expected to absorb further costs.

Mr. Michael Vernon, chairman of Spillers, said yesterday that his company had never tried to conceal the existence of its Guernsey subsidiary. Details of it were given to shareholders at the company's annual general meeting. It decided to invest the money raised through the rights issue in this way because "it was in the best interests of shareholders."

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Explosions in two cities injure 40: offices wrecked

BY RAY DAFTER

POLICE AND Gas Board officials are investigating the cause of two explosions yesterday in Bristol and Brentford, West London, which injured about 40 people and caused hundreds of thousands of pounds worth of damage.

The highest casualty toll was at Brentford where a blast in a men's wear shop caused considerable damage over a 300-yard stretch of the High Street. The explosion happened at 9.50 a.m. as North Thames Gas workers were investigating reports of leaking gas. Thirty-eight people were injured and six were detained in hospital.

Five hours earlier, two four-storey office blocks were torn apart by an explosion which destroyed adjoining properties, was partially demolished.

Three waiters living in a flat above a wine merchants were slightly injured but there was relief that the casualty list had not been higher. A police spokesman said: "With the sales starting, it could have been a major disaster if the explosion had occurred a few hours later."

An insurance loss estimator tentatively put the cost of the Bristol damage at about £500,000. But it will be some time before the exact scale of the damage is known.

In each incident, the explosion of gas caused the havoc. Officials of South West Gas and North Thames Gas are investigating the underlying reasons for the explosions.

The Royal Society for the Prevention of Accidents warned that the return for Christmas holidays to check for gas leaks could cause pipes to develop leaks in unheated premises. Gas might accumulate over a period of time and this could give rise to serious explosions if a naked flame was carelessly introduced.

Yesterday's incidents were being viewed in the gas industry as unfortunate coincidences. But a company which has had a string of accidents in recent years occurred at the Clarkston Toll, Glasgow, in 1971, when 29 people died as the result of a gas explosion.

LABOUR NEWS

Suspended car worker who criticised union may lose job

BY OUR LABOUR STAFF

A CAR components worker, suspended after criticising production methods and trade union activities at his factory, will be told next week whether he can continue in his job.

Mr. Clifford Derbyshire has been told by the management of Wilmot Breeden, Birmingham, to report for a meeting on Tuesday at which his future will be discussed.

Mr. Derbyshire, who has worked at the factory for seven years, was suspended on full pay after writing a letter to a newspaper criticising poor production methods. He says that the suspension took place after shop stewards told the management that other men were no longer prepared to work with him.

According to Mr. Derbyshire's letter, production of car bumpers at the factory is worse now than before the introduction of new machinery. He also criticised quality control, claiming that half the completed bumpers required rectification but that this was accepted by management out of fear of confrontation with unions.

Mr. Derbyshire, a member of the National Society of Metal Mechanics, is a former shop steward at Wilmot Breeden. He said yesterday that he had been banned from holding union office three years ago after an incident in which he complained to the Race Relations Board about the company's employment policies.

"I have said only what I believe to be true and am sure I shall have the support of the people I work with when I walk into the factory on Tuesday," he said.

However, a Wilmot Breeden spokesman replied yesterday that the company "completely rejected" Mr. Derbyshire's allegations about productivity and said detailed figures would be available when the factory reopens after the Christmas holiday.

TRAIN SERVICES out of London's King's Cross station returned to normal yesterday after a 48-hour strike by some drivers over the holiday duty roster.

NEWS ANALYSIS—LONDON EVENING PAPERS

Trying to see black

BY ANTHONY THORNCROFT

SIMON JENKINS takes over as editor of the London Evening Standard on January 1 at a critical time for the newspaper. Like its great competitor, the Evening News, it is operating at a loss, and in the advertising revenue and daily sales in 1976 has proved no better than 1975.

In circulation terms, this year has been very depressing, with daily sales of the Evening Standard in April-September, the latest figures available, showing a slide of 7.3 per cent on the corresponding months of 1975 to an average daily sale of 410,233.

The Evening News has done little better, slipping by 5.7 per cent to 555,629 (Monday to Friday only). On Saturday the News adds 100,000 in circulation, thanks mainly to its soccer results coverage.

The plight of both London evening papers can be summed up by the fact that in 1970 the Evening News sold more copies on its own than the two rivals can manage between them now.

To make matters worse, this April, 1976, when the circulations of both papers were falling on the whole, the problems outlined advertising the mainstay of badly. If they timed the extra charge to coincide with a period Jenkins.

Cover prices

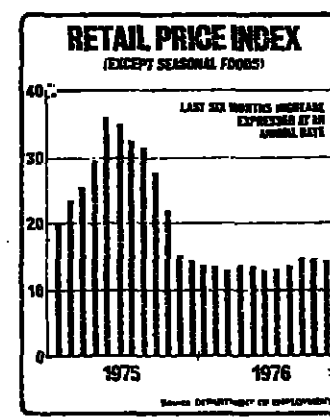
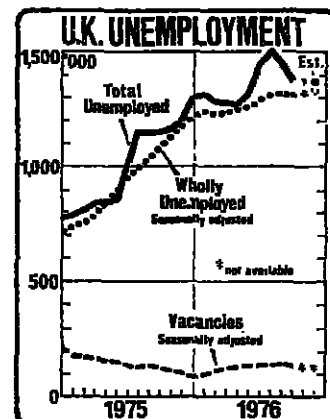
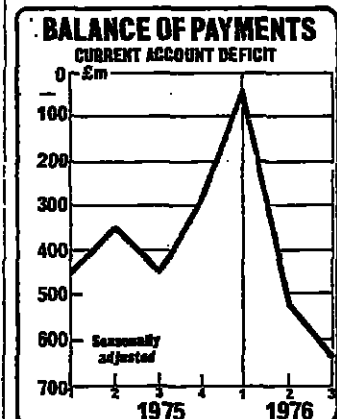
With the cost increase of newsprint in January, and advertising revenue in 1977 unlikely to show any real gain over 1976, the chances of the papers getting into the black look slim. Their best chance would seem to lie in a price increase.

It is noticeable that while the gross daily revenue of every other national and Sunday news paper rose in the first half of 1976 as against 1975, thanks to increases in cover prices, the Evening News and the Standard both brought in 3 per cent less cash (excluding advertising).

The last price rise was in to publish another London evening during the week. But the whole, the problems outlined advertising the mainstay of badly. If they timed the extra charge to coincide with a period Jenkins.

Economic hopes for 1976 put back to 1978

BY PETER RIDDELL, ECONOMICS CORRESPONDENT



THE hopes and forecasts at the beginning of 1976 of a significant improvement in the economic position during the year have had to be put back not only into 1977 but also beyond into the following year.

A year ago, the Government was still talking about a further major reduction in the rate of inflation from the then annual rate of 25 per cent to a single figure year-on-year rate by the end of 1976. But, 12 months later, a rise of 15 per cent is forecast by the Treasury for the year to the fourth quarter of 1977. A year ago, there were hopes of a continuing pick-up in output but the recovery faltered during the summer and Gross Domestic Product now is expected by the Treasury to grow by only 2 per cent in 1977, resulting in a further rise in unemployment.

This deterioration can be traced to the sharp fall in the pound during the year and the slower than previously projected growth in world trade. The Government's efforts to stem the decline in the various economic indicators have contributed to the postponement of hopes for recovery.

The fall in sterling started in early March. The authorities then were concerned that any appreciation of the then strong pound would damage Britain's competitive edge. But their actions on March 4—some selling of sterling and a cut in Minimum Lending Rate—produced a strong swing the other way. The weakening in confidence was so great that sterling continued to fall, with only occasional checks between then and early June.

Sterling was hardly affected by the Budget on April 6, which proposed unprecedented income tax cuts dependent on trade union agreement to a pay limit, or by the completion of talks on May 5 on a formula restricting wage increases to between £2.50 and £4 a week.

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The IMF approach was followed by a two-point rise in M.R. to 15 per cent and other measures to intensify the monetary squeeze and by intensive negotiations with a Fund team in London under Mr. Alan Whitton. These talks and nearly 24 hours of Cabinet discussions resulted in Mr. Healey's statement on December 15 discussing further reductions in public spending of £1bn in 1977-78, and of £1.5bn in the following year.

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ACAS probes Grunwick strike in questionnaire

BY OUR LABOUR STAFF

THE ADVISORY Conciliation and Arbitration Service sent out questionnaires yesterday to the 200 or so members of the Association of Professional, Executive, Clerical and Computer Staffs who have been on strike at a North London colour-processing laboratory for four months demanding recognition for the union.

Two months ago the company, Grunwick Film Processing, agreed to co-operate with ACAS by allowing a ballot of workers. But little progress has been made since, and strike leaders have accused management of dragging its feet.

The questionnaires have gone to Grunwick workers and those who have been dismissed strikers who the management maintains have been dismissed for breach of their contracts of employment.

Farm hand sues admiral

A FARM worker who claimed he was sacked because he injured his back, yesterday unsuccessfully sued Rear Admiral Morgan Giles, Conservative MP for Winchester, for unfair dismissal.

Mr. Reginald Torrance, 46, for six months, and he said that in April 1975 he was sacked by his estates manager, Mr. Richard Young.

BOOKS

1976—when Prime Ministers put pen to paper

BY ANTHONY CURTIS

THE YEAR nineteen hundred and seventy-six will go down in history as the year when former Prime Ministers in three volumes by R. S. Sayers burst into print in droves. Well, (Cambridge, £40.00) and The at least four of them—Sir Harold Macmillan in one by Cynthia Wilson in The Governance of Great Britain (Weidenfeld and Nicolson, £35.00), and Michael Joseph (Macmillan, £35.00), Edward Heath in *My Years in Office* (Macmillan, £35.00), Lord Avon in *My Years in Office* (Macmillan, £35.00), and Lord Home in *My Years in Office* (Macmillan, £35.00).

Prime Ministers were also a popular field for biographers. We had Callaghan: The Road to Number 10 by Peter Kellner and Christopher Hitchens (Cassell, £35.00), Winston S. Churchill: Vol. 1, 1922-1939 by Martin Gilbert (Heinemann, £55.00), Melbourne by Philip Ziegler (Collins, £55.00).

But the most revealing insights into No. 10 came inevitably from the Diaries of a Cabinet Minister. Vol. 2: Lord President of the Council and Leader of the House of Commons by Richard Crossman (Cape/Hamish Hamilton, £55.00), a work to rival Poynter, whose latest and last volume of the diary itself was *The Diary of Samuel Pepys* (X 1685-89, ed. by R. C. Latham and W. Matthews (Bell, £55.00)). Some good stuff about Government, too, in Mr. Speaker, Sir, by Selwyn Lloyd (Cape, £45.00).

Two British institutions to find definitive histories were The Bank of England 1891-1944 by R. S. Sayers (Cambridge, £40.00) and The Bank of England 1944-1976 by R. S. Sayers (Cambridge, £40.00).

The most damaging biography was in fact Hugh Trevor-Roper's *A Hidden Life* (Macmillan, £45.00), The Enigma of Sir Edmund Backhouse who emerged as a fraudulent expert on Chinese civilisation; the witliest, Footprints in Time by Sir John Colville (Collins, £45.00), the most outrageous, Violet Trevelyan: Life and Letters by Philip Julian and John Phillips (Hamish Hamilton, £35.00).

Across the Atlantic Doris Kearns gave us intimate views of L.B.J. in *Lyndon Johnson and I* (Doubleday, £15.00), and the Nixon era was reflected in a crop of books. *The Creative Balance* (Hamish Hamilton, £35.00), the memoirs of former ambassador Elliot Richardson, *The Company* (Collins, £35.00), a Watergate novel by John Ehrlichman, *Boys* (Hodder, £35.00), and *The Final Days* (Secker and Warburg, £35.00) by Bob Woodward and Carl Bernstein, the investigation of the Nixon era.

Back home both biography and autobiography have shown their usual surprising buoyancy during the year. Two biographies that triggered off a storm apiece were

David Pryce-Jones's *Unity of Mankind* (Bodley Head, £40.00), and *My Years in Office* by Lord Wolfenden in *Turning Points* (Bodley Head, £40.00), and *My Years in Office* by Lord Wolfenden in *Turning Points* (Bodley Head, £40.00).

In the area of the pure literary biography and of editions of an author's letters 1976 was another year of excellent work. We had Norman Douglas by Mark Holloway (Secker and Warburg, £35.00), Letters Home by Sylvia Plath (Faber, £35.00), *The Letters of Virginia Woolf* (Hogarth Press, £35.00), *The Letters of Virginia Woolf* (Hogarth Press, £35.00), *The Letters of Virginia Woolf* (Hogarth Press, £35.00).

Both Joyce and Virginia Woolf emerged afresh at times heretofore almost completely unpublished. *The Letters of Virginia Woolf* (Hogarth Press, £35.00), *The Letters of Virginia Woolf* (Hogarth Press, £35.00), *The Letters of Virginia Woolf* (Hogarth Press, £35.00).

The centenary of Adam Smith was marked by a new edition of *An Inquiry into the Nature and Cause of the Wealth of Nations* (Oxford, £25.00). The sixth and completely revised edition of the *Oxford English Dictionary* Vol. II (Oxford, £25.00) containing "hobby" and "hypo" and "mono" and "completely new translation of the Bible into simple English" (Oxford, £25.00).

For novel-readers the year saw Rosamond Lehmann break a long silence in *A Sea-Grass Tree* (Collins, £35.00). Iris Murdoch extended her range in *Henry and Kate* (Chatto and Windus, £40.00), as did Peter Paul in *My Name is Alphonse* (Penguin, £35.00).

Neither E. L. Doctorow's *Ragtime* (Macmillan, £35.00) nor Liz Alther's *Kinfolk* (Collins, £35.00) made the hit that preliminary trumpeting

from across the water and/or the short story renaissance was helped by several good new collections by modern novelists, for instance, *How I Became a Holy Mother* by Ruth Sutherland (Corgi, £35.00), *The Cat in the Hat* by Peter Owen (Penguin, £35.00), *The Cat in the Hat* by Peter Owen (Penguin, £35.00).

Two major novels arrived from Solzhenitsyn's *Levin* in *The Red Wheel* (Corgi, £35.00), and the Cuban writer Alejo Carpentier's *Reasons of State* (Gollancz, £35.00) was remembered in *Two Wives* by Malcolm Bradbury (Secker and Warburg, £35.00).

Promising debuts came from *Young Eva Jones* in *Thirteen* (Bantam, £35.00), *My Name is Alphonse* (Penguin, £35.00), *My Name is Alphonse* (Penguin, £35.00).

The *Colony* (Faber, £45.00), *My Years in Office* by Lord Wolfenden in *Turning Points* (Bodley Head, £40.00), *My Years in Office* by Lord Wolfenden in *Turning Points* (Bodley Head, £40.00).

Thriller-addicts were excitedly well looked after. On *Twinkle, Twinkle Little Star* (Secker and Warburg, £35.00), *My Name is Alphonse* (Penguin, £35.00), *My Name is Alphonse* (Penguin, £35.00).

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Strategic Slim

BY C. P. SNOW

Slim: The Standard Bearer by Ronald Lewin. Leo Cooper, £7.50, 300 pages.

If one asks students in military affairs, it doesn't matter whether they are soldiers or historians—who were our best commanders of the last war, they usually differ about some names, but for land warfare agree on four. In no particular order—Montgomery, Wavell, Alexander, Slim. Most of the foremost students would say that all those four were more accomplished than any of our soldiers in the first World War, except Monash.

Of the four, it is not uncommon to hear Slim placed as a definite first. During the war itself, he was nothing like as well known as the others. The Burma campaign seemed in this country very far away. It was only slowly, by drabs and drabs, that his achievement and even more his personality began to take a massive shape. Now his official biography has been written by Mr. Ronald Lewin, who has already made a reputation as a military historian, and who will add to it considerably by this book.

It is necessary not to press it upon readers under false pretences. The personal history of Slim should be of interest to anyone. He was an admirable, formidable, and most unusual man. Mr. Lewin writes about him with affection, humour, a high degree of moral sensitivity, and makes him come alive—not exactly waris and all, since Slim exhibited fewer waris than most men, but perhaps quirks and all. Lewin's account of him as a man can be recommended without reserve.

The history of his campaigns will not be such easy reading, except to those who know something about them already. They happened in unfamiliar territory. They were a sideshow, though a big one, and the logistical problems, both actually on the ground and in the planning, and Washington, were different in kind from those of the major fronts. The battles themselves were of much complexity and lasted for weeks or even months. They are not so immediately comprehensible as, say, Kursk or El Alamein, both finished, as Gettysburg was, in a matter of days. Slim's great successes at Imphal-Kohima and later at the Irrawaddy crossing—Mektilah had features which don't seem to belong exactly either in modern war or to earlier ones either. Lewin deals with them in

accurate scholarly detail, but these parts of his book are likely to remain a soldier's preserve. Slim himself was not only a most unusual man, but had a most unusual military career. He was the son of an unsuccessful hardware dealer in a small way of business. He was brought up among the Birmingham petite bourgeoisie, a long social distance from nearly all his brother commanders. He was, however, a born soldier. He seems to have known his vocation from a very early age—and, the better one knows that provincial background, the more the rock-like strength of his determination shows through.

He managed to insert himself into the Birmingham University, OTC, not being a member of the University. 1914 came, and he got a temporary commission in the Royal Warwickshire—where there was another young officer, a regular, Montgomery. It wasn't difficult for Slim to get recognised as an officer of quality. He had courage, natural authority altogether beyond the ordinary run, and even more beyond the ordinary run, a capacity, unassuming, uncondemned, for communicating his own resolve and human strengths to all kinds of men. It was entirely spontaneous that 30 years later the men in his 14th Army came to refer to him as Uncle Bill. He was much too shrewd not to see the use of that, and began radio addresses to his troops—Uncle Bill speaking.

He had superlative gifts as a professional soldier, but no money. It needed a whole set of chances, any one of which might have gone wrong, to bring him to the top. He collected high opinions both as a soldier's soldier and for his monumental common sense, and in the Indian Army of the 1920s and 1930s. But in 1938 he was promoted to Major-General, and had only just made Colonel, and that after most of the Board wanted to turn him down as too old. The second war continued his snakes-and-ladders progress. Fortunately for him, the army, and human justice, the ladders prevailed. He was promoted to Major-General, and had only just made Colonel, and that after most of the Board wanted to turn him down as too old.

More than any single man, he saved Alexander's retreat from Burma. Then his great piece of luck arrived. Mountbatten arrived as Supreme Commander. Mountbatten knew a man when he saw one. Slim had the unique distinction of being sacked twice, and

then of almost immediately replacing the man who had sacked him. The second occasion was after his supreme triumph, the Japanese totally defeated in Burma, Rangoon entered. Leese was Slim's superior, and decided that this was the correct moment to slide Slim out. Slim took it with classical fortitude, but thought it was a curious time to sack a man. It took only a few days for Leese to be sacked himself, and for Slim to become Commander-in-Chief.

Both those attempts to remove Slim were so preposterous that they need an explanation which they don't get. Was there still a residual prejudice in the army against "Sepoy" officers? Churchill took a long time to be persuaded of Slim's talent, and would, incredibly, have preferred to replace him by Wavell. Attlee, along with Mountbatten, was a better judge of massive worth.

Actually, Slim's personality, as revealed here, seems to have been of ultimate virtue in the oldest possible sense, honourable, upright, at the same time simple and clear and informative, more whole all the brain's. Just to add to his humanity, one notices that, though he didn't intrigue, he wasn't defenceless against others' intrigues. He had a saving tinge of earthy, sardonic, Anglo-Saxon guile.



Slim—soldier's soldier

Making music

BY ELIZABETH FORBES

Inside Mozart: The Man—The musician (Thames and Hudson, £18.00, 131 pages), an opulently produced and expensive picture-book, there are two lean, meaty studies struggling to get out. Arthur Hutchings writes with sympathy and understanding as well as instruction to anyone remotely interested in music. The two other studies, *Brass Instruments: Their History and Development* (Faber, £12.50, 288 pages), by Anthony Gardner, and *Jack Bryner's Clarinet* (Macdonald and James, £4.95, 239 pages), are not always strictly relevant, but the latest title in the Yehudi Menuhin series, *Music Guides*, are more duplicated and unimpressive. Professor Hutchings' chapter on Freemasonry.

The illustrations to Kurt Blankopf's compilation, *Mahler: a documentary study* (Thames and Hudson, £12.50, 280 pages), are both fascinating in themselves and integral to the book, of which they form the first part. The captions, though, are sometimes inaccurate: the Ring cycle conducted by Mahler at Covent Garden in 1892 was not "the first complete performance of Wagner's *The Ring of the Nibelung* in London"—Seidl had conducted three cycles at Her Majesty's ten years previously. The documents that make up the second half of the book are totally fascinating, and contain some new material, including letters from Mahler to Anna Mildenberg, the soprano with whom he was obsessed for several years.

Musical Instruments of the World (Paddington Press, £3.50, 320 pages) is an encyclopaedia illustrated by over 4,000 drawings and diagrams that covers an enormous historical (and geo-

graphical) range, from the Kenna's portrait Myra Hess (Hamish Hamilton, £6.95, 319 pages) is much slower—adagio, say, instead of allegro—than the biography of Dennis Brain's short but hectic life. After making her debut as a pianist at 17, Myra Hess had to battle both for emancipation from her family and for wider musical recognition, and it was not until her American tour in the early 1920s that she gained an international reputation. The familiar story of the war-time concerts in the National Gallery is well told, while Professor McKenna faithfully captures the atmosphere of London during the Blitz.

In *Karajan* (Macdonald and James, £3.95, 158 pages), the first title in a new series, *The Art of the Conductor*, Paul Robinson is rather over the top in his glorification of the Austrian subject: though he tries hard to present the facts of the Austrian conductor's life and career as objectively as possible, he is apt to make statements such as "Karajan is arrogant... but he is also a genius—perhaps the greatest conductor who ever lived"—without sufficient evidence to back them up. Nevertheless, his book carries conviction.

Finally, *Music in the 1920s* (Duckworth, £3.95, 148 pages) by Richard Sheel, which deals mainly with theatre-music of the period—ballet, opera and those unclassifiable compositions such as Satie's *Socrate*, Stravinsky's *Histoires* and solid as *Wakons* *Facade*, *The Paris of Cocotte* and *Les Six*, the Berlin of Brecht and Weill, are lovingly recreated.

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Poetry now

BY MARTIN SEYMOUR-SMITH

The late W. H. Auden's *Collected Poems* (Faber and Faber, £8.50), has been edited by Edward Mendelson, his literary executor. It contains all the poems he wished to preserve (though he had severe reservations about some of them), in their final versions. A companion volume will follow: this will contain both early versions and discarded poems. The editing is meticulous: there is a full explanation of the principles adopted, and the poems are dated, as to month and year.

Auden received much attention in his lifetime—perhaps too much for his first commercially issued volume (1930) made him famous, and from that time onwards he was, if inevitably, highly conscious of having a wide public. It will be some time before assessments of his work as a whole can be made, for his personal aura lingers after him, but this volume will provide the primary means.

My impression is of a poet of great potential, with the price of gift of exciting his reader, who began to deteriorate within some 10 years of his sensational debut. Instead of developing his lyrical gifts he chose to write pseudo-philosophical poems and trivial epigrams. He retained his technical abilities, but became progressively flashier and more meretricious. *Collected Poems* is a depressing record of the waste of genius in the interests of talent. "There is a controversial view, but I dare to guess that more will agree with me in 10 years than will do so now."

Richard Eberhart, who reached 70 in 1975, is an American poet who spent some time at Cambridge in the late 1920s. His *Collected Poems, 1930-1975* (Chatto and Windus, £8) contains all that he wishes to preserve including some 50 poems not hitherto available in print form. He is an uneven poet, at his worst he can be pathetic to the point of absurdity, at his best he has "Blakean intensity of vision" (Conrad Aiken), "jagged innocence" (Robert Lowell), and "strong intellectual stunts" (Edith Sitwell). This is a book to read and re-read: one that, despite its moments of failure, glows with the radiance of deep honesty and fine feeling.

Gunnar Jac Straw's *Castle* (Faber and Faber, £3.50 cloth, £1.95 paper covers) is his most successful collection since *My Sad Captains*. At last he seems to have begun a process of resolving the paradox between his classicism (learned from Yvor Winters) and his orientation towards "pop culture." *Jack Straw's Castle* contains successful poems both in form and in content. Above all it conveys the impression of a life being made sense of in a responsible and serious manner. Cliff Ashby's *Poet at the Worst* (Corgi, £2) is by a less well known poet, but I strongly recommend it: tough, sometimes sour, always coherent poems, impeccably honest. Here we have some of the qualities of an Edward Thomas, and some of a Philip Larkin; but Ashby is very much his own man.

The poems in Gavin Ewart's *No Fool Like an Old Fool* (Gollancz, £2.95 paper covers) are similarly tough and coherent, Montale, published as *Nelected Poems* (Faber and Faber, £8.50), has been edited by Edward Mendelson, his literary executor. It contains all the poems he wished to preserve (though he had severe reservations about some of them), in their final versions. A companion volume will follow: this will contain both early versions and discarded poems. The editing is meticulous: there is a full explanation of the principles adopted, and the poems are dated, as to month and year.

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HISTORY TODAY

Edited by Peter Quennell and Alan Hodge

Articles in JANUARY include:

FEROZESHAN AND THE SIKH WAR

Patrick Turnbull

THOMAS JEFFERSON'S VISIT TO ENGLAND, 1786

Ross Watson

CHINA AND RUSSIA: The Beginnings of Contact

William Gardener

'DECIDEDLY DIFFERENT': The Seventeenth Century and Africans

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Bracken House, Cannon Street, London EC4A 4BT.

Enemies sighted across the water

BY ALEC BEILBY

History is surely one of the subjects that justifies comparison where writers are concerned and recently two new books about naval history have been published. *Guns at Sea*, by Len Ortzen (Weidenfeld and Nicolson, £25.00, 160 pages) is a delight, covering 15 major sea battles from the Sluys in 1340 to the Battle of Midway in 1942. While the battles themselves are brought to life with a good text, the book is illustrated with reproductions of prints and photographs that are as fine as to be seen anywhere outside the museum in which they are found in their original form.

Many of the more famous sea battles are described, but one fought off Cherbourg in 1564 between the American Con-

federate ship *Alabama* and the Unionist ship *Kearsage* is a fascinating story, particularly as the crew of the sunken *Alabama* were rescued from the water by the British yacht *Deedwood*, at the time on passage from France to Southampton, a feat that must have made the yacht's owner, John Lancaster, the first yachtman to earn a place in history and given him the yacht club bar story of all time on his return home.

The late Oliver Warner came to the end of the above book in *Great Naval Actions* (David and Charles, £5.95, 159 pages) and while he has found different battles for much of his work and while the text is as interesting as the illustrations are not of as high a standard, but the two

books together give an as in-depth look at the history of maritime warfare as anyone might need.

Ships Beneath the Sea, by Robert Burgess (Robert Hale, £4.95, 290 pages) is one of the few non-fictional works that I read twice in the same week. It is the story of the development of the submarine from the seventeenth century to the present day that at times reads more like an adventure story than a historical work. Apart from telling the story of the hand-driven deep traps of the last century and the nuclear monsters of today, the book relates stories of recent operations with civilian diving machines and recovery vessels, going far to point out how civilian technology has benefited from military experi-

ment. It is a book for anyone who has ever been intrigued by the sinister mysteries of submarine life.

While some of the underwater craft of the past might qualify as nautical antiquities, they do not rate a mention in *Nautical Antiques for the Collector* (Barrie and Jenkins, £8.50, 223 pages). This is a translation from an original French book and, because it is written by a Frenchman, Jean Raudier, hardly does justice to British nautical antiquities.

Certainly it is an international book, beautifully illustrated and very comprehensive and essential for any collector of nautical remains, going far to point out how civilian technology has benefited from military experi-

U.K. ECONOMIC INDICATORS

1976 1975

General	Dec.	Nov.	Oct.	Sept.	Aug.	July	June	May	April	March	Feb.	Jan.
Unemployment ('000s)	1,371.0	1,371.0	1,371.0	1,371.0	1,371.0	1,371.0	1,371.0	1,371.0	1,371.0	1,371.0	1,371.0	1,371.0
Currency reserves (£bn.)	5,156	4,763	5,158	5,606	5,711	5,711	5,711	5,711	5,711	5,711	5,711	5,711
Basic materials (£bn.)	331.9	327.9	314.4	256.7	252.2	252.2	252.2	252.2	252.2	252.2	252.2	252.2
Manufact. prod. (1970=100)	223.8	223.9	226.3	198.9	197.6	197.6	197.6	197.6	197.6	197.6	197.6	197.6
Terms of trade (1970=100)	76.4	79.5	80.2	81.2	81.2	81.2	81.2	81.2	81.2	81.2	81.2	81.2
Retail prices (1974=100)	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8
Wage rates (July 1972=100)	213.3	213.2	217.9	194.4	186.4	186.4	186.4	186.4	186.4	186.4	186.4	186.4

1976 1975

Trade and Industry	Nov.	Oct.	Sept.	Aug.	July	June	May	April	March	Feb.	Jan.
Steel, weekly average ('000 tonnes)	487.1	457.7	433.8	402.0	389.8	389.8	389.8	389.8	389.8	389.8	389.8
Imports fob (£bn.)	2,736	2,576	2,224	1,918	1,859	1,859	1,859	1,859	1,859	1,859	1,859
Exports fob (£bn.)	2,226	2,222	2,040	1,837	1,837	1,837	1,837	1,837	1,837	1,837	1,837
Visible trade balance (£bn.)	-0.510	-0.354	-0.182	-0.081	-0.022	-0.022	-0.022	-0.022	-0.022	-0.022	-0.022
Cash (1970=100)	119	119	119	119	119	119	119	119	119	119	119
Commercial Vehicles ('000s)	32.6	29.9	30.7	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2

1976 1975

	Sept.	Aug.	Jan.	Feb.
Furniture (1970=100)†	159	147	149.7	154
Petroleum (m. tonnes)h	6,659.9	5,409	6,510	5,964
Machine tools (m. tonne)†	30.6	24.5	28.7	32.3
Electric cookers ('000s)††	95.5	65.8	77.2	93.6
Washing machines ('000s)†	165.3	58.1	75.9	84.5

The Marketing Scene

Change in the '70's

IF advertising agencies can pause for a moment from pitching for the next account or preparing the next advertisement they will agree that their prosperity is dependent on the British economy and their activity on social change. J. Walter Thompson, which, as the largest agency in the U.K., reckons it must follow external trends on behalf of the industry, has just produced a handsome and handy guide to the new market place, entitled "Consumer Change in the mid '70's".

It is a series of four articles by agency experts entitled "The New Freedom", "Consumer Frustration in a Rapidly Changing World", "Stimulating the Consumer Response", and "The New Order". Using information from J.W.T. surveys as well as published figures, the articles cover subjects like consumer reaction to inflation, new shopping and buying skills, scepticism about business, and more varied horizons for women. The book is 100 pages.

GORDON Procter has recruited yet another director from Brownes, Keith Ashton is joining the Board, where he will sit alongside John Hughes and Paul Hoppe, two more recent recruits from Brownes. Procter's has gained the Mates children's bath additive account, which plans to spend £250,000 in 1979. It is a product of Nicholas, and will be looked after by Ashton.

ROGER Mavitt, a director of French Goddard, is joining Cherry, Hedger, and Seymour also as a director. Another new appointment, to be announced next week, is a media director, which will enable the agency to handle its own media buying. With the task of advertising the new Rover launch on the continent in 1977 Cherry Hedger expects billings of £1.4m.

STUARTS is to handle the £100 plus UK and international advertising account of Stanley Gibbons.

LONDON has another village—the village of St. James. It is the creation of the Haymarket tobacco firm of Fribourg and Treyer which, through agency Abbott Norriss, has produced a guide to "Shopping in 18th Century London". It lists the retailers in the district, such as Locks, Fortnum and Mason, Hatchards, Berry Bros. and Rudd, Justerini and Brooks, Paxton and Whitfield, Hardy Brothers, Morris and Spinks, who have been leading for two centuries or more, and it will be available in hotels and the shops. The booklet gives a history of the firms, well designed to appeal to tourists, and could well be the start of more concerted marketing efforts by the shops concerned.

Colmans advertises for sales

BY ANTONY THORNCROFT

IN 1969 sales of Colman Foods totalled £10m.; this year they will be £30m. Even with inflation this is a doubling of volume. Much of the increase has come from new products. These days many companies are rather disdainful of new brands, contrasting their high failure rate, their time consuming costs, and their time consuming problems with the steady profits deriving from well established products. But not every company has a pessimist, now entering its seventh year, or an Oxo, or a Bisto, and there are as many success stories from developing new products (look at Birdseye) as from getting the most from popular favourites. Colmans, which with its 150-year-old mustard has one of the most ancient brands on the grocery shelves, has managed the best of both worlds.

Reduce costs

Like most other packaged goods companies Colmans has done to reduce costs, and it has done so in its marketing rather than in its marketing budgets. A separate new products department has been closed, trimming down the marketing team from 18 to eight, and the product line has been cut from 15 to 12. But in 1977 Colmans will spend £800,000 more on advertising, a rise of almost 50 per cent, to a level approaching £2m. Television gets £2.1m., an increase of a third.

Colmans may not be a typical example, at least in terms of the size of its increased expenditure, since it has been, in recent years, a great believer in gaining sales through heavy advertising. Its leading (also long lasting) brand, Robinsons, gets £500,000 in advertising, as against £50,000 eight years ago, and this at a time when squash producers have concentrated on below-the-line promotions to compete with own label on price. The advertising seems to have paid off, helping Robinsons to sell an average of 95.6 bottles per outlet per month in 1976 as against 34.2 in 1968.

In the same way Colman's mustard, which dominates its £5m. market, is getting a hefty £500,000 in advertising, and the experience of recent years suggests that such an investment can boost sales in this case of the new range of mustards added to the traditional English and French. In 1976 mustard sales rose 8 per cent in volume, and 12 per cent in value in the U.K. and below.

Sometimes the advertising seems out of all proportion to the sales. Jif Lemon monopoly, for example, at least in terms of the size of its increased expenditure, since it has been, in recent years, a great believer in gaining sales through heavy advertising. Its leading (also long lasting) brand, Robinsons, gets £500,000 in advertising, as against £50,000 eight years ago, and this at a time when squash producers have concentrated on below-the-line promotions to compete with own label on price. The advertising seems to have paid off, helping Robinsons to sell an average of 95.6 bottles per outlet per month in 1976 as against 34.2 in 1968.

lises a market with sales of less than £2m., but the advertising line in 1977 is over £200,000. This heavy support increased turnover by 22 per cent in 1976, but more to the point it proved the effectiveness of expanding markets and the experience gained here is also being put to profitable use in Australia and other overseas countries. Other new products are taking their time to make an impact—Tom Caxton, the home beer making kits, have yet to profit greatly from the higher cost of pub beer, and Colman's involvement with skillet meals, like its competitors, was a disaster.

As in many other packaged goods companies the 1974-75 period tilted new product development, and apart from the dessert toppings the only Colman's product on test is a brand aimed to cream off sales from two of the most entrenched brands in grocery retailing—Bisto and Oxo. Even so the Bisto already on the market accounted for 10 per cent of the £29m. sales this year.

Pressure Colman's faith in advertising is very good for its advertising agencies but it puts great pressure on them to deliver the goods. Young and Rubicam has recently lost brands like Robinsons, which it could regard as one of its sales successes, and the other agencies are sacrificing some of their commission now that all the TV buying has been concentrated through Collett Dickinson Pearce. The advertising effectiveness is constantly monitored, and new media, such as radio, is being tried, successfully. Many companies waste money when their advertising stretches into the millions; the Colman's receive section of will need all its skills in 1977 to make sure that a lot of cash goes much further than a little.

Nic Clarke, marketing director of Colman Foods

of a squeezable container, Colman's has persevered with similar packaging for its dessert toppings range, currently on test in Trident, and sales justify a national launch, when there is national productive capacity. Then again £750,000 seems a lot to spend advertising Colman's Sauce Mixes in 1977. The "X" market has sales of only £5m., and the large boost for casseroles, a £2m. sector, is also generous. But these are new and

IN BRIEF

THE December issue of Mintel includes the usual new product review, covering Drive, Fabulon, Chesswood stocks, and Nescore.

By September Drive was in stock in 55 per cent of grocery stores, Fabulon in 27 per cent, Nescore in 13 per cent, and Chesswood in 11. Judging these figures against Mintel's coverage of other new products Drive is as expected, well above average in trial and repeat purchase. Fabulon has done quite well for an unusual product.

FAIRHOLT Printing, parent company of Gothic Press, has acquired all the shares of Display Craft, the London-based screen printing and point of sale company.

CO-ORDINATED cosmetics from Max Factor—The Max Factor collection—will be on sale from April 1.

THE industrial division of Airweld (U.K.), a company in the Ciba-Geigy group, has appointed Bowden Dyble and Hayes, Systems and services for controlling nasty odours are to be advertised mainly in the trade press.

AMONG new styles in the range of exercise footwear from Scholl (U.K.) in 1977 will be a higher-heeled version of the classic sandal and two wedges.

HEINZ is launching its new baby food range in jars. The company states that jars now account for about 25 per cent of the market. Advertising next year will include colour pages in women's magazines and specialist mothercare publications.

PROJECTOR remote controlled

IN KEEPING with the trend toward remote control for electronic domestic equipment, using infra-red light, Siemens has come up with an idea for controlling a TV set, the operation of a slide projector, involves very few functions, so the control circuitry is less complex.

There are four channels, two of which serve to move the slide cassette forward or backward to change the slide, while the other two channels are used to control the projection lamp and the room lighting. The remote control unit is composed of conventional integrated circuits.

The remote control unit for slide projectors (and similar devices) employs simply coded, primary instructions which are transmitted in sequential form by a fundamental frequency of 32.5 KHz.

Each of the four channel buttons has a capacitor which determines the duration of the emitted pulse in accordance with the channel. The three infrared output diodes, which are driven by a Darlington circuit, deliver carrier pulses. The number of channels can be doubled by means of further buttons and capacitors. The pulse lengths, starting at 1.5 msec, are stag-

ered by 0.5 msec from one channel to the next.

The range of the transmitters is over 15m, and the power consumption is so low that about 30,000 instructions can be transmitted with a single 9V battery.

Other important elements of the receiver section are a voltage divider and an operational amplifier, which, as a threshold switch (TCA 315 A), also comes from the standard program.

After the receive section a decoder initially suppresses all pulses of less than 1m sec. in order to sort out interference signals. In subsequent stages the decoder examines the individual signal lengths and allocates them, by comparison with a preset time pattern, to the various channel lengths.

All switching conditions can be displayed by means of LEDs. A special connection socket is provided for controlling a standard lamp, for example. Infra-red light can therefore be used not only for sliding slides but also for regulating the brightness in the room, by remote control and from any position.

Further from Siemens AG, Postfach 3240, D-8520, Erlangen 2, Federal Republic of Germany.

Big screen TV prices reduced

REDUCTIONS in the cost of its TV projection equipment, which produces a brilliant display several feet in diameter, suitable for hotels, educational equipment, hospitals, etc., have been announced by Zynga Electronics.

The company started to manufacture at its Billingshurst plant in July and expanding sales, together with better production efficiency, have made the price reductions possible.

For PAL or Secam has been cut to £4,595 from £4,950. The new triple-standard models for PAL, Secam and NTSC are being offered at £4,980 or what was originally charged for the single standard model. Dual standard units for PAL/Secam are priced at £4,885.

Zynga is at Unit 3, Dawe Road, Billingshurst, Sussex RH14 9SJ, Billingshurst 2624.

Fibre for furnace lining

FOLLOWING developments by Sauder Industries Inc., Kansas, a different approach to furnace linings is now being offered in the U.K. Ceramic fibre blanket linings have been in use for some years, but the advantage of a new method of using the fibres is in ease of installation and replacement.

Called Pyro-Bloc, it is an edge grain, stack bonded, ceramic fibre 12 inch square module, with one centre fastener to hold it in the furnace wall. Each block is ideally suited for handling the standard range of 3, 4, 5 or 6 inches thick (up to 12 inches thick can be supplied to special order).

Three versions are available, for operating temperatures of 1,250, 1,375 and 1,500 degrees C. Thermal conductivity is lower than conventional firebricks, and castables—a 6 inch thick Pyro-Bloc has a greater insulating capacity than nine inches of firebricks.

Pamela Judge has asked creative directors for their best, and worst, advertisements of 1976.

A good year for bad ads.

A GROUP of creative men met town for their choices of the best advertisement of the year, and they usually came up with some sort of consensus. Not in 1976. The creative directors of the top ten agencies—Media Advertisers' Association—were asked to nominate the best and most admired ad, the ad they were glad they didn't do, and the ad they thought was the worst.

On analysis Collett Dickinson seems to have turned out to be the agency with most admirers, but the range was wide. The "official" ads, except in not arising in view of the large permanent spending, but an annual response. Despite all the fussing Standards Authority only one vote came in for Heineken. There was a 80 per cent out for the poll. Any media would be the vehicle, and what follows is in no particular order. The most admired, that gifted now to Masius—selected by Kim Li Sung's pages in the People's Republic of China as a "good example" of its own—a sort of eight Totalitarian. On the other hand, it reflected the product, as it

Headlines

am tremendously admired Canal Ship Repairs'—a campaign against nationalisation—it talked in simple terms and was "compellingly able".

Elmington, of Ogilvy and Mather, ran his choices for the wittiest and most admired into one ad. It was a direct labour offering by the Federation of Civil Engineering Contractors in conjunction with the National Federation of Building Trades.

The ad, that Peter Bostock, J. had a working life of about five minutes, and which sets in ten minutes at 25 deg C. Because the setting rate is so fast it is not greatly influenced by temperature, and cure rates are still fast even at low temperatures.

Typical applications include the repair of leaking pipes, tanks or vats where the pressure of gas or liquid would normally force off the resin before it has time to set and for pumps, where a rapid return to duty is important.

Pyro-Bloc, it is an edge grain, stack bonded, ceramic fibre 12 inch square module, with one centre fastener to hold it in the furnace wall. Each block is ideally suited for handling the standard range of 3, 4, 5 or 6 inches thick (up to 12 inches thick can be supplied to special order).

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Furnace linings are built with the blocks by positioning them, then securing them to the steel furnace wall with a specially developed stud welding gun. The blocks are sufficiently plastic to make the joints between each module.

Laboratories' film printing service offering "Flash pictures" alongside three streakers running away from the camera. The cinema commercial for Dry Cane in which the girl happily accepts the ashtray instead of the man also drew Mr. Bostock's admiration.

Two gin fings attracted Barry Day, of McCann-Erickson. Terry Kirkwood Company, went for any Niven commercials for Maxwell

originality, ingenuity and didn't do brought the only con- genuine wit." Barclays Bank gets a brace of them, took Stanners' best overall campaign award—the bank seems to have realised that it has "real live" walking, talking, worrying, striving, coping grown-up customers.

Still with the wittiest and most admired, Tom Rayfield, of the Kirkwood Company, went for any Niven commercials for Maxwell

Some of the most talked about advertising campaigns of 1976.

Thomas chatting up the foreign girl in "pigskin pan-European" made him "smile the most, the most often" in that what was said was funny, and the cinema commercial for Glibey's gin made us "see ourselves as others see us". "I'm beginning to believe them" when they say "It's got to be Gordon's"—a campaign that is getting bolder, plus the fact that the camera is kept so close that you can feel the chill on the green bottle.

"Those damned elusive (Unigate) Humphreys" made campaign, David Tree of Young and Rubicam, plumped for Lady Parker pen and the finishing school (also teetered over by Bob Stanners), and Heineken's Dr. straws was demonstrating

John Cleeve Sony Radio ad, and House were "a total misuse of Spillers' commercial for Choice the actor." Cuts and the dogs' fantasy lives. A lot of respondents remarked, in passing, that the choice of the talking to dog lovers. Jeremy done was difficult since there were so many this year, with one person dismissing all the perfume ads, he'd seen on TV.

There was one change of heart—having started out to name Woolwich Equitable Building Society as having "totally impenetrable advertising" (referring to the annual statement), the respondent then said, "On further thought, I think I'll put it in for my funniest ad, as well. After all, when you think what the space cost the company, you have to laugh."

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ENERGY

Car engine package for home power

FIAT is evaluating a domestic energy package combining a standard 127 car engine with four heat-exchangers and an AC generator that provides both hot water for space heating and electric power.

Called Totem (Total Energy Module), it is an energy conservation project based on established technology and mass-produced components. Overall thermal efficiency is said to be over 30 per cent—comparable to an oil-burning furnace—with the added benefit of electricity at a no-cost by-product.

One module could supply a small apartment house with four flats of 900 square feet each. The 300 c.c. four-cylinder engine is designed to operate on methane for town gas, and heat from all sources is recuperated, providing some 33,000 kcal per hour.

Normally rated at 45 h.p. at 3,600 r.p.m., the engine is run at a constant 3,500 rev./min. to drive a 35 kw synchronous generator feeding the national grid. The owner would be re-imbursement.

The engine runs intermittently, with "on" and "off" periods, thermostatically controlled according to water temperature, with a central heating boiler. The house takes current from the grid, not the

generator, so there is no supply break when the engine shuts down. The engine is then restarted by the generator, which doubles as a motor. In summer when heating is not required the system is closed down completely.

Housed in a heat-and-sound insulated cabinet, the package includes heat-exchangers for the water-jacketed alternator, engine coolant, crankcase oil and exhaust system. These are piped in series in order of ascending temperature, with heating water circulated through them by an engine-driven pump. Thermal losses are confined to the cooler exhaust outlet, or less than 30 per cent.

The 30 Hz alternator holds within 0.5 Hz of its synchronous frequency without any load. But with the stabilised current at the grid imposed on it the unit is precisely locked to the line frequency. No other regulator or governor is necessary, says Fiat.

The company is co-operating with the Italian Utilities Board in this project, and it is envisaged that power delivered to the grid would be metered and paid for. Revenue from the company would then cover the cost of the methane fuel, it is estimated.

PRECISION RIVETING SPEEDS PRODUCTION

Few if any, know more about riveting technology than the manufacturers of the world-famous 'Aylesbury' range of rivets, special cold formed parts, setting machinery and other labour saving equipment. Whatever your requirements the BE Group members offer a service of unequalled quality and reliability. Shouldn't you be keeping abreast of the latest developments?

Send today for The Guide to the BE Group

There are four channels, two of which serve to move the slide cassette forward or backward to change the slide, while the other two channels are used to control the projection lamp and the room lighting. The remote control unit is composed of conventional integrated circuits.

The remote control unit for slide projectors (and similar devices) employs simply coded, primary instructions which are transmitted in sequential form by a fundamental frequency of 32.5 KHz.

Each of the four channel buttons has a capacitor which determines the duration of the emitted pulse in accordance with the channel. The three infrared output diodes, which are driven by a Darlington circuit, deliver carrier pulses. The number of channels can be doubled by means of further buttons and capacitors. The pulse lengths, starting at 1.5 msec, are stag-

MATERIALS

Fast setting epoxy resin for repairs

MOST EPOXY compositions intended for metal repairs have a usable life, when mixed, of from 30 to 45 minutes. At around 20 deg. C they set in a few hours and take a day to achieve full mechanical properties.

For most purposes this rate is adequate, and it is not desirable to speed it up as the usable life would be greatly shortened. But for certain types of repairs a much faster setting material is required, and for these applications, Quentsplas, Thorp, Arch Trading Estate, Wetherby, West Yorkshire, LS23 7BZ (0937 943388) has introduced a fast curing epoxy repair composition.

It is a simple equi-part mix which has a working life of about five minutes, and which sets in ten minutes at 25 deg C. Because the setting rate is so fast it is not greatly influenced by temperature, and cure rates are still fast even at low temperatures.

Typical applications include the repair of leaking pipes, tanks or vats where the pressure of gas or liquid would normally force off the resin before it has time to set and for pumps, where a rapid return to duty is important.

Following developments by Sauder Industries Inc., Kansas, a different approach to furnace linings is now being offered in the U.K. Ceramic fibre blanket linings have been in use for some years, but the advantage of a new method of using the fibres is in ease of installation and replacement.

Called Pyro-Bloc, it is an edge grain, stack bonded, ceramic fibre 12 inch square module, with one centre fastener to hold it in the furnace wall. Each block is ideally suited for handling the standard range of 3, 4, 5 or 6 inches thick (up to 12 inches thick can be supplied to special order).

Three versions are available, for operating temperatures of 1,250, 1,375 and 1,500 degrees C. Thermal conductivity is lower than conventional firebricks, and castables—a 6 inch thick Pyro-Bloc has a greater insulating capacity than nine inches of firebricks.

Furnace linings are built with the blocks by positioning them, then securing them to the steel furnace wall with a specially developed stud welding gun. The blocks are sufficiently plastic to make the joints between each module.

PROCESSING

Puts ions in the air

BELIEF continues in many quarters, some of them medical, in the value of air ionisation as a benefit to health and the latest equipment for producing the effect in a room has been announced by a Belgian company called Bionair. British firm Brandenburg, has supplied the high voltage generators.

Three electrodes are used: two are negative—one embedded in the door and the other suspended just below the ceiling—while the other is positive and is suspended about 300mm below the ceiling. The floor electrode is earthed and the ceiling plate is at about the same potential, while the lower suspended electrode carries 7,000 volts.

The system is designed to neutralise positive ions in the room and attract negative ions to the high voltage electrode. The electrostatic field is arranged to encourage the breathing of negative ions.

The upper surface of the positive electrode has conical projections, acting as a source of positive ions which are attracted to the ceiling electrode; the relatively small spacing between these two produces a much higher voltage gradient than that between the positive plate and floor. Thus ions are being generated and accelerated, in their path they collide with suspended particles in the air and those that are not already charged. Resulting ions are then attracted to one electrode or the other depending on the sign of their charge.

Apart from the accepted air cleaning effect due to particle removal, Bionair also claims that the equipment has bacteriostatic or bacteriocidal properties and is looking at it in connection with the preservation of certain foods.

The company admits, however, that the beneficial effects of these negative ions remain to be properly proved. More from Centrum Voor Klimaatologie, Evermarck Residence Emmer, 112-9053 Evergem, Belgium.

Measuring only 90 by 50 by 40 mm, the device has magnetic feet which allows it to be positioned anywhere on the tuffing unit.

The broken ends of yarn are placed between clamps in the splicer and then welded together to produce a small, clean, round splice which has no tails and is about the same diameter as the yarn being welded. In practice the Yarnweld gives a splice that passes through the tuffing process without difficulty.

The Yarnweld is battery-powered and charged from a standard mains supply. Battery life is expected to be three years when operating on three shifts.

TEXTILES

Produces a better splice

MOST OF the carpet produced to-day is made by the tufting process rather than the classical Axminster and Wilton weaving systems. Of this tufted carpet an extremely high proportion is made with a pile of 100 per cent nylon. This is then either printed or dyed.

One of the problems in making carpet in this way is that when a yarn breaks it is often spliced by a later joint. This will enable tufting to continue and the joint to pass through the eye of the tufting needle, but it has the drawback that in both dyeing and printing it cannot be coloured and so can cause a fault in the surface of the carpet.

A device to overcome this problem is now being marketed by Oldham Controls, of 324, Oldham Road, Rochdale, OL11 2AL (0706 31573), under the name Yarnweld. This is an extremely simple and simple unit for handling the standard range of 3, 4, 5 or 6 inches thick (up to 12 inches thick can be supplied to special order).

Three versions are available, for operating temperatures of 1,250, 1,375 and 1,500 degrees C. Thermal conductivity is lower than conventional firebricks, and castables—a 6 inch thick Pyro-Bloc has a greater insulating capacity than nine inches of firebricks.

Furnace linings are built with the blocks by positioning them, then securing them to the steel furnace wall with a specially developed stud welding gun. The blocks are sufficiently plastic to make the joints between each module.

...the last few years.
...and dramatic
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...of them
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...that the
...and the

"WHY I LIKE IT HERE" • A GERMAN DEFENCE OF BRITAIN

Not by bread alone

BY RALF DAHRENDORF



Professor Dahrendorf, the Director of the London School of Economics since 1974—where he gained a doctorate in 1962—was formerly a member of the EEC Commission, a junior Minister in the West German Foreign Office and vice-chairman of the Parliamentary Free Democratic Party in the Bundestag. Earlier he held academic posts in the U.S. and university chairs in sociology successively at Hamburg, Tübingen and Konstanz. Now aged only 47, he was the BBC's 1974 Reith Lecturer.

"WHY DO you still want to remain in Britain?" I must admit that when the Financial Times asked me to answer this question in a kind of cheer-up piece for the New Year, I was at first a little taken aback. The fact is that I have already reached the stage where my American friends say to me things like "presumably you really will make a difference to your country," and I have a sneaking feeling that by "my country" they do not mean Germany. Anyway, in Germany people have increasingly come to say to me: "It is so interesting to get an outside view of our problems." Clearly, therefore, it would be impossible for me to pack my bags and go, even if I wanted to do so.

But of course I do not want to do so. And there are reasons why I am quite happy to stay, even apart from my deep attachment to the London School of Economics. In one sense, these are strange reasons, for the more I think about them, the more I am struck by the suspicion that the good and the bad, the likeable and the repellent in a country are very close to each other. The four reasons for Britain which I am going to set out in this article could be regarded as the agreeable side of a coin which has its messy side too. However, this merely means that we cannot have the best of all worlds.

Reason One. In his address to the guests of the 1976 Anglo-German Dinner Dance, the remarkable man who has represented Germany in Britain for the past seven years, Ambassador Karl Günter von Hase, made a moving statement. To the present day and "despite everything," he said, he would be prepared to exchange Britain's problems for those of Germany. I did not ask him what exactly he meant. Presumably he was not thinking of economic and social problems alone. Conceivably, one of the points he had in mind had to do with the past and the way in which it weighs on the present. Whatever advantages the Federal Republic may have in terms of GNP, productivity and average earnings, it is still a country in a state of fundamental uncertainty. "If we try to explain to others why we cannot pay for everything and everything," a German politician said to me recently, "three words are always likely to be quoted back at us: Auschwitz, Oradour, Berlin." Of course, reunification is not an immediate prospect, and perhaps it is not very real at all; but as the Constitutional Court reminded the Federal Government in its argument on the constitutionality of the Eastern treaties, it is still the mandate of the constitution, and thus adds an air of the "provisional" to the country.

The fact that Britain is essentially at one with its history is one of its basic strengths. It is more at one than the other larger European countries, and although there may be an element of historical nemesis in the devolution debate, even that does not seem to affect the

implicit consensus about the historical identity of the country because that identity is not primarily geographical. There is something pathetic about countries which are dominated by endless divisions about their past, and even slightly frightening about those skeletons in the cupboards of history which may be dragged out at any moment, and if one has been brought up in such a tradition one cannot fail to see how such invisible but effective stability a history provides which makes no one feel ashamed for invoking the names of the political protagonists of 40 years ago, 80 years ago, indeed 180 and even, I suppose, 320 years ago. This, rather than imperial grandeur or economic strength, is the basis of that quiet confidence which characterises British attitudes to the present day.

Too much confidence perhaps? I do not think so. In any case, I have never really shared the belief in the "blessing of the zero hour"—of having to start afresh—which is so often added to explain why machinery in British industry is outdated and why there does not seem to be that overriding motivation for reconstruction. The price of the zero hour is too high, and I for one prefer the blessing of historical continuity.

And may I add, since it has become so fashionable to talk about consensus in Britain: consensus about the future is really a rather suspect phenomenon, because there are always several answers to

problems. There may be a case for a little more continuity in policies affecting the essentials of life, and even for rather more respect for the majority of voters in Britain to-day; but otherwise what is needed is precisely that consensus about the past which makes it possible to disagree about the future without endangering the whole texture of society.

Reason Two. The "Spirit of Dunkirk" is often invoked to-day in order to appeal to people's moral fortitude. It is a bit of Rights, of over-governance, of the need to back up political democracy by more democratic procedures in other words of life. Some of these points may well be valid. No system ever is perfect, and the great advantage of democratic government is after all its ability to change without upheaval. Thus I could certainly list a number of needs for reform in Britain's parliamentary democracy.

But to me none of these would be fundamental. On the contrary I believe that Britain is once again setting an example to the world of the ability to cope with severe difficulties without institutional dislocation. The Prime Minister shows that a democratic system is not incapable of producing courage and the readiness to tackle problems squarely rather than shying away from them. It is the House of Commons, a new model has developed over the last few years which emphasises the need to live within one's means and the concomitant need to produce wealth rather than expect it to emerge mysteriously from heaven. The Empire, or even the North Sea. People have acquired a habit of criticising Britain for things that were true two years ago, but are no longer true to-day: a close look at the facts would reveal a remarkable change.

Elsewhere I have spoken of the "zero-sum mentality" which prevails in social relations in Britain, the feeling that whoever wins has to do so at the expense of somebody else. I would not go back on what I said, but undeniably politics in the present-day world has very largely become a zero-sum game. It appears that the time is past, at least for the foreseeable

future, when one could hope to resolve problems by giving everybody more—a lot to some, to some rather less, but at any rate more. Yet this turns out to be one of the great problems of democracy in the modern world: useful as it was for satisfying rising expectations, and perhaps even for raising them, it is much less adequate for holding expectations down, or coping with conflicts which arise because it is impossible to satisfy all of them more or less simultaneously. Britain is the only country anywhere which has managed, or is managing at the moment, to do this, and the sporting win-or-lose mentality may even help it to achieve the feat. In any case, I for one feel happier in a society which has already proved its ability to preserve freedom and democracy under difficult conditions than in those which try desperately and ultimately without success to prevent those conditions from coming about.

Reason Three. Then there is that aspect of British life which is so difficult to talk about and yet so important: let me call it kindness, or solidarity, or humanity. It cannot be merely the prices of raincoats and sweaters which bring Continental tourists to Britain by the thousands; they would not go to Turkey or Finland for the same reason. There is also the queue—perhaps I should put it in capital letters: The Queue—and everything it symbolises: the fact that people respect the right of others however weak or small, that they take their time to do things, because it is more important to be fair and kind than to get there first, the strange way in which some kind of order is brought about without external discipline and therefore without sanctions.

It is no accident that the editor of the Frankfurter Allgemeine Zeitung, who recently wrote a remarkably superficial article about Britain, suggested that perhaps people were too happy to queue and should get on with things instead. While not claiming any scientific status for my view I should emphasise the following difference very strongly: you can have the rat-race, permanent competition between individuals, elbows instead of out by self-sustaining rules unique country of the free.

queues, individual and general economic success coupled with widespread identity (and health) problems as well as weak trade unions; or you can have a more leisurely pace, tea breaks, a developed sense of solidarity, queues, and moderate economic success coupled with a strange sense of happiness and of course powerful trade unions. There are competitive societies and there are societies characterised by solidarity, and Britain belongs in the latter category.

There are many comments one would wish to make on such statements, including the obvious one that societies are not either black or white, and that it would in any case be desirable to bring about a nice mixture of competition and solidarity, a "social market economy" perhaps in the terms of the German ideology, a country that is both rich and kind. Leaving such obviously fair comments aside, I want to state that if one had to make a choice, there would be much to be said for the British kind of society. Living in Britain would make it even more agreeable because people have a way of dealing with each other that alleviates the difficulties of life and creates a society characterised through-out by self-sustaining rules unique country of the free.

As for the other side of the coin, I could certainly write an article about the things which would make it even more agreeable to live in Britain. But like many others, I do that most of the time. And I do it because I feel that it is worth doing in this remarkable, indeed by self-sustaining rules unique country of the free.

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Letters to the Editor

Prospects and markets

From Mr. J. Kinsley.
Sir—Is industrial growth in the Western countries during the period ahead likely to be as great as during the period since the last war? In most countries the huge surge of demand for consumer durables may now have been largely satisfied, and this could be the reason for the stalled recovery from recession. The domestic replacement market, plus future initial purchases mainly by newlyweds, may not equal the volume of sales reached during the boom years, and the export prospects for durables to the Third World can not be bright so long as the per capita income in those countries remains as low as it is.

It is more than probable that the next consumer durable boom will take place in Russia and China, but those countries are unlikely to allow much in the way of imports from Western countries. It is part of their creed to become self-sufficient, but in any case it will be a long time before the masses can start acquiring cars, fridges, washing machines, even vacuum cleaners, etc., on a scale that has now been achieved in the West.

Surplus manufacturing capacity is beginning to become evident in many sectors in many countries, hence the slump in capital spending. All this is a gloomy but realistic diagnosis of the current world-wide vagabondage, and it is tragic that this country is in such poor shape to face what is bound to be a highly competitive future. We of the present generation thank in our hearts for the opportunities and accomplishments they have brought to us, but the next generation will not thank us for the burden of debt we are going to pass on to them.

3. Kinsley.
4. Martinus Plaur.
Park Road,
Stoke Poges, Slough.

How simplistic can you get?

From Mr. H. Hodgkinson.
Sir—If Samuel Brittan's "Lombard" column, December 22, were to consist of the longer, instead of the shorter Oxford Dictionary, he would find that the word "simplistic" has not only been in use for 85 years, but bears precisely the meaning he attributes to it. "Of the nature of or characterized by (simplistic) simplicity." The quotation there given to exemplify the word is: "Simplistic theories are generally one-sided and partial." Why should one wish to forego so expressive, so relevant, so good a pedigree?

Hodgkinson.
Chesham Street.

Does anyone care?

From Mr. A. MacLeod.
Sir—Samuel Brittan's Lombard Column of December 22, 1976, to the extent that it has decided to make a comment of its own.
My two favourite political words of the last few years have been fudge and pragmatic. What does the average reader or media addict know of them?
You might be excused for thinking that the politicians are talking about the delicacy that used to be sold in the corner shop before the advent of the large supermarkets.

In the public interest

From The General Secretary, United Road Transport Union.
Sir—Like Marie Antoinette you lost your head when writing your leader article on December 23 on bread. You make the mistake of assuming that a unit only operates to secure higher earnings and is incapable of looking after the general public's interests.

Because the salesmen on bread rounds are in the vast majority of cases paid their commission on volume, not cash, whatever price bread is sold at the salesmen's earnings are in no way affected. In the very small cases where there is an element of cash commission, the manufacturers agreed that volume for volume would result from any changes in bread prices up or down. Therefore Sir, you will appreciate your leader article is totally misleading and you may at least come to accept that on this occasion this union is taking the action reported solely in the interests of the public for the following reasons: To prevent small shops, bakeries and door-to-door sales being forced out of the bread business. To prevent at least one of the large companies going out of business with the result of redundancies and the larger monopoly control of the other two or three.

To prevent the already too high price of bread becoming out of reach of a lot of people. We must prevent the 50p loaf and prevent bread becoming a luxury. Manufacturers presently have to profit on bread. Therefore, if you give the widest interpretation to the word "public interest," you must also escalate to recover whatever money is lost, or the company must go bankrupt. Small shops receive 12 1/2 per cent. discount maximum, supermarkets receive 22 1/2 per cent. Surely that is a high enough profit margin for the supermarkets, particularly when the small shop has to exist on 12 1/2 per cent, but the profit-hungry supermarkets are the only people who are desperately attempting to get bigger discounts.

We must also remember that this Government very respectably froze discounts at 22 per cent. maximum because the Government said quite correctly that the escalating discounts demanded by supermarkets were forcing the price of bread up constantly and that is very obvious logic. That decision was taken in 1974, and one needs to ask the question: what is so different about 1977 logic to suggest that supermarkets should be able to demand bigger and bigger discounts from the manufacturers out of the price of every Ave of the estimated 100-and-1 problems faced by operators taking and making calls and running their switchboards. The response from readers operators working at 10,000 switchboards—tells us to have it followed very rapidly

Ill-digested legislation

From Mr. P. Cox.
Sir—For how much longer will the business community acquiesce in obeying the dictates of the administrators of ill-digested legislation which is produced in a never-ending stream?

As a large firm of consulting engineers we each year take on for training a number of engineering graduates. From time to time, when the pattern of our workload makes it necessary, we second a very limited number of these graduates to civil engineering contractors so that they may obtain a good standard of experience on major construction works. Our normal practice is, of course, to arrange for the site of projects which we have designed and are supervising during the construction stage.

We have taken legal advice and have been informed that by doing this we are acting as an employment agency within the terms of the Employment Agencies Act 1973 and must have a licence for such activities. Not unnaturally, the Department of Employment has concurred in this opinion. In my view, it is doubtful if the words in the Act need be interpreted in this wide sense.

I am increasingly depressed at the way in which we have become conditioned to accept that until someone is prepared to devote the time and money to test this type of sloppy legislation in the Courts, it is automatically assumed that the executive should take, and be encouraged to take, the widest interpretation possible. Private enterprise cannot long survive in this type of climate.

Gas and capital requirements

From Mr. J. Goodland.
Sir—It would be useful if the chairman of British Gas Corporation revealed the price increase for gas that would be needed to finance the capital requirements planned by BGC over the next five years. If the price of gas has declined in real terms over the last five years and, as the price of other fuels is increasing rapidly, the scope for the gas industry to find its own borrowing requirements, and indeed reduce its own indebtedness, seems large.

John Goodland.
Down House, Pyleigh,
Taunton, Somerset.

The need for incentives

From Mr. S. Shepherd.
Sir—A great deal is being said and printed about the need for one of the solutions to the U.K.'s economic problems of incentives for the country's producers (of all kinds). Such incentives are intended to induce harder and more efficient work, and as a secondary effect to encourage saving and much-desired investment.

Reduction in income taxes is being promoted as a means of creating incentive, and it is being assumed that the expected result would come about automatically. Such an assumption, in the present mood of people, is extremely doubtful or, at least, would not be the reaction of many workers (using the word in the broad sense of work of all kinds) to be taken advantage of such action in the form of more leisure, thus reducing productive time. Did I not read recently of a claimed fall of 10 per cent. in productivity this year (for whatever reason—and I may have missed an explanation) of a category of workers who in recent years have substantially improved their rates of remuneration? I heartily agree with the view that financial incentives are important in action to drag the U.K. out of the present morass. But they can only be one factor in a package of motivations, of which a new national spirit of pulling together in the common enterprise must be the driving force. How badly that is needed! Apropos of the foregoing, I would be interested to learn how the nation and individuals can possibly fully justify the taking of a Christmas-New Year "vacation."



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Edinburgh
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Edinburgh, EH3 7PE
Tel: 226 3388

Leeds
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Leeds, LS1 5HD.
Tel: 44 36 33

Group Head Office:
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COMPANY NEWS + COMMENT

Refrigeration loss hits Howden Group

AFTER ALLOWING for European refrigeration losses of around 570,000 pre-tax profits of the Howden Group of engineers showed a reduction from £1.62m. to £1.54m. in the half year ended October 31, 1976.

Sir Norman Elliott, chairman, says that the second half of the year traditionally shows more profit than the first and he expects that the current year will follow this pattern. However, it is anticipated that the profit for the full year will be slightly lower than the record £4.68m. achieved in 1975-76.

The chairman says that the seven operating groups of subsidiaries, with one exception, working at a high level of activity with overseas business continuing to be the predominant feature.

Members are told that further trading losses must be expected prior to closure, while the costs of closures are estimated at some £450,000. All these will be dealt with in the accounts for 1976-77.

After heavier tax of £200,000 (£210,000) and minorities of £400,000 (£227,000), the half year net attributable balance emerges at £203,000 compared with £487,000.

The interim dividend is effectively unchanged at 0.93p net—the 1975-76 total was equal to 3.2708p.

● comment

A near 3 per cent. drop in interim pre-tax profits from Howden has disappointed the market, after the last report and accounts had suggested further progress this year. The problem has been the industrial refrigeration operation—interim losses are higher than those of a year ago—and the group has decided to cut back to a smaller base which should return to profits in 1977-78. But for the rest of this year, trading losses will probably amount to at least another £300,000 before an optional closure costs of £450,000. That apart, all the other operations turned in higher profits. Howden Compressors in the U.K. made a recovery after the loss in 1974-75 (though the profit is still small) and the Canadian subsidiaries (power station equipment) are continuing to advance. Overall, full-year profits will probably ease to £4.4m. pre-tax giving prospective earnings of 6.13p a share, for a p/e of 31 at 35p and a yield of 15 per cent.

Craig & Rose

Paint manufacturers Craig and Rose has shown an upturn in the first half of 1976, with profits at £74,273, against £66,021, from sales of £299,381 higher at £1.15m.

An unchanged interim dividend of 2.1p net per £1 share is declared. Total for 1975 was 19.31p paid from profits of £153,000.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total last year
Assed. Tooling	1.1	Feb. 4	1.0	2.05
Bertrams	Nil	—	1.1	Nil
Craig and Rose	2.1	Jan. 11	2.1	19.31
Howden Group	0.93	—	0.93*	3.28*
Investment Co.	1.1	—	1.35	0.85
Midland Educational	1.35	—	1.35	3.64

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ One-only payment per year proposed.

On December 10 it was reported that pre-tax profit for 1975-76 rose from £4.21m. to £5.13m.

The directors estimate that the market value of freehold and leasehold properties exceeds the book value at September 30, 1976, by about £18m.

Meeting, Dudley, January 26, noon.

First half (to September 30, 1976) turnover of Midland Educational Company improved from £2.15m. to £2.78m. and profit before tax was up from £12,600 to £16,300.

The net interim dividend is held at 1.35p per 30p share. The previous year's total was 3.64p per share. The previous year's total was 3.64p per share. The previous year's total was 3.64p per share.

Mr. R. C. Harris has been appointed to the Board.

The company acts as book-sellers, stationers and educational supply contractors.

● comment

MAKERS OF paper and board machinery, Bertrams reached a break even position in the second half, to leave the loss for the year ended September 30, 1976, at £112,843.

Turnover at £1.95m., against £2.39m., was partly made up of a substantial contract which was almost completed at the end of last year.

After tax recoverable £10,841 (£162,356 charged) the net loss is £22,004 (profit £142,868). There is no dividend, against a total of 1.85p last time.

Wolverhampton & Dudley

Breweries is continuing its programme of extending and rebuilding selected public houses, reports Mr. E. J. Thompson, chairman, in his annual statement.

Repeating his forecast of further growth in the current year, he states that the real progress of the new bottling plant project is now apparent—part of the building is already being occupied as a store and it is expected to be used for bottling next July.

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£201,589 and profit more than doubled from £87,078 to £156,880 subject to tax of £71,296 (£27,140).

The directors state that for purposes of economy it is now proposed to bring the Ordinary dividend into line and declare one only in future, which will follow the annual meeting.

It is not therefore their intention to declare an interim dividend. But in view of the results for the first half they fully anticipate paying the maximum allowed under present legislation for the year ended March 31, 1977, and to continue this practice in future.

In the year to March 31, 1976, dividends totalled 0.85p net from profits of £273,391.

AE growth overseas to continue

THE IMMEDIATE prospects in the U.K. for Associated Engineering do not hold out much hope of any major increase in volume but Mr. J. N. Ferguson, chairman, expects worldwide demand for diesel engine components to continue strong and he looks for a further improvement in export sales generally.

Although difficult to forecast future profitability, based on current order books and expected demand, he anticipates being able to report a further significant increase in profits for 1976-77.

In the year ended September 30, 1976, group pre-tax profits at £2.15m. were marginally better than the estimate made at the times of the rights issue in November and compare with £1.73m. for the previous year.

Major features of the year were the further increase in the volume of components for diesel engines, particularly for the replacement market, and the increased market share achieved by AE Edmunds Walker through its branch distribution network. These increases in volume offset reduced demand for automotive bearings and turbine components.

Trading profits of the U.K. companies increased by 34 per cent. to £18.7m. reflecting the strength of the diesel market and the improved performance of the overseas trading profits increased by £2.1m. to £8.7m. and of the increase £0.8m. was attributable to exchange rates.

During the year capital expenditure amounted to £9.8m. (£2m.) and is straightforward to meet this anticipated demand there are plans to spend £25m. over the next two years.

Although it is expected that much of the increase in sales will be in overseas markets, the greater part of the planned expenditure will be for use in and supplied from the U.K. However, some investment will also have to be made overseas to support the sales efforts of the U.K. companies, says Mr. Ferguson.

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Craftsman Mr. Jack Dawes puts the final touches to a black basalt bust of the Queen reproduced from a 1937 sculpture. The Wedgwood Group is producing an edition of 25, selling at £250 each, to commemorate her Silver Jubilee year.

First half profit for Brigray

FOLLOWING ITS forecast of better results for the year to January 31, 1977, Brigray Group has experienced an improvement in the first half and indicates that this trend has since been maintained.

Including £131,008, against £16,219, regional employment premises and other Government subsidies, and allowing £5,425 for prior years' charges, there was a first-half profit of £26,878, compared with a loss of £26,878.

Earnings are shown at 0.01p (loss 0.01p) per 5p share.

The company manufactures outerwear and jersey fabrics.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

S. Match/KemaNord deals to be resumed next week

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 29.

DEALINGS in Swedish Match and KemaNord shares remained suspended on the Stockholm Exchange today following yesterday's rejection by the Swedish Match Board of the KemaNord takeover offer. With the approval of the tax authorities, the two companies asked brokers not to deal in the shares, as speculative price rises could affect their tax position. Dealings are expected to be resumed on January 3.

Prospects for the KemaNord offer of one KemaNord share and a Kr200 convertible bond for four Swedish Match shares appear to depend heavily on the attitude of the Cuto investment company, which holds some 23 per cent of the Swedish Match stock. Cuto is one of three in-

vestment companies linked with the Wallenberg bank. Skandinaviska Enskilda Banken, and involved in the battle between the two Wallenberg concerns. The two others, Investor which holds 26 per cent of the Swedish Match stock, and Providentia, which has 8 per cent, also have the major holdings in KemaNord and their Boards are known to support the KemaNord offer. Cuto, on the other hand, has an KemaNord stock. Its chairman, Mr. Aske Bergqvist, is on the Swedish Match Board and is understood to have taken the same stand against the KemaNord offer as the Swedish Match chairman, Mr. Lars-Erik Thunholm, who is also chairman of Skandinaviska Enskilda Banken. Cuto's managing director, Mr.

Sigvard Ando, said last night that his Board would decide on the KemaNord offer towards the end of January and he would not commit before then. Meanwhile, the Swedish Match Board is expected to follow up its refusal to recommend the KemaNord offer by publishing shortly details of its plans to slim the group and restore its profitability. These are likely to include the sale of several subsidiaries abroad which are either running at a loss or are too small to compete effectively on their markets. The managements hope to free sufficient capital through this divestment to reduce the group's debt burden and to make possible new acquisitions which would reinforce its profitable branches.

No sign of an upturn reports Salzgitter

By Nicholas Colchester

BONN, Dec. 29.

STAHLWERKE FEINE-Salzgitter is sharing the despondency of the European steel industry in full measure. Its management tell shareholders in a preliminary report on the year that ended on September 30, 1976 that the winter months have brought a clear deterioration in employment and profit and that there are no signs of any improvement.

Four thousand of the company's 19,000 employees have been given an extended holiday over the Christmas period and a further 3,000 will be affected by temporary works shutdowns in the first weeks of January. Feine-Salzgitter's efforts to hold down unnecessary production are symptomatic of the situation right across the German steel industry. It is estimated that in December 55,000 steelworkers, or about 17 per cent of the total steel workforce, were affected by short time work. Moreover, in some steel companies these temporary layoffs have reached the allowed two-year maximum, beyond which the Government wage subsidy is cancelled and dismissals become difficult to avoid.

The Feine-Salzgitter management tells of a highly unsatisfactory year in 1976-77. Use of capacity in the first half of the business year varied between 65 and 70 per cent. In February a gradual pick-up in business took place which led to a small profit in the second half of the year. Yet this profit was, says the management, not nearly enough to compensate for the considerable loss made in the first half. The company does not spell out the final result, but says that it was worse than the considerable loss recorded in 1974-75.

The company's turnover for the year fell by 6.7 per cent to DM2,350m, with domestic sales rising by 5.7 per cent to DM1,750m, but foreign sales falling by 2.8 per cent to DM583m. Deliveries of rolled steel were down by 1.6 per cent to 3.15m tons. Crude steel output was down by 4.5 per cent to 4,020m tons. Orders for rolled steel rose by 6.9 per cent to 2,180m tons. The clearest rise of all was in the company's investment which increased from DM225m to DM400m.

Funds expected for EGAM

BY DOMINICK J. COYLE

THE ITALIAN Cabinet at its annual meeting of the year tomorrow morning is expected to authorise by decree law the allocation of emergency funds to EGAM, the financially troubled state minerals agency, a number of whose operating companies are facing bankruptcy.

EGAM, labelled the "golden dustbin" by critics, who claim that the agency was established perhaps just sufficient to cover political patronage for elements within the Christian Democrat Party, is also one of a number of state-owned companies in debt as of end-September last of L875bn. (\$625m). Some 30 per cent of these liabilities are believed to be short-term.

Trade unions represented in EGAM who fear the immediate loss of more than 15,000 jobs, are pressing the government for urgent additional financial backing for the group of roughly 135bn, or about £240m. However, the cabinet may decide on a considerably lower sum, handed over the effective management of the group to a special commission headed by Ugo Mura. It was said other existing state-sector companies such as ENI or ENEL, which are also in financial trouble, would not be included.

URGENTLY in need of new capital, facilitate a complete restructuring of the minerals agency, at least giving the impression that it is not prepared to be lily of this so far. The decision expected in tomorrow's cabinet meeting is likely to combine a further threat of unemployment promises with the allocation of resources to cover EGAM's pressing financial needs, although it is just possible that the government may be thinking of the longer term of perhaps a large at least some of the special commission headed by Ugo Mura. It was said other existing state-sector companies such as ENI or ENEL, which are also in financial trouble, would not be included.

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Loans planned to finance Austrian Budget deficit

BY PAUL LENOVAI

VIENNA, Dec. 29.

THE AUSTRIAN Government has decided to finance next year's massive budget deficit through higher capital imports. According to Press reports the Federal State is planning to raise about Sch.45bn. (£143m.) abroad during the first quarter of 1977.

A public loan to the tune of Sch.550m. will be floated on behalf of the Federal State by a consortium of Swiss banks in the third week of January. Austrian banks are not participating in the issue.

This is, however, not unusual since the Schweizerische Bankverein has already raised through private placements recently in two tranches about Sch.1.4bn. for Austria.

Though foreign and domestic credit institutes are said to be competing with one another in offering loans to Austria, the Treasury prefers to resort to the device of private credits. Treasury officials and private placements, above all in Swiss francs and Deutschmarks in order to avoid a "debtor's image." Loans with a relatively long maturity are preferred. Meanwhile the latest report from the Institute for Economic

Research has revealed that gold and foreign exchange reserves of the central bank during January-October this year dropped by Sch.12.5bn. The balance of payments deficit has in turn led to a growing pressure on liquidity. The year-end survey of the Vienna Stock Exchange, just issued by the Creditanstalt, reveals that the capital market this year has been dominated by the part of private investors. In view of the reform of fiscal law (2.2 per cent), and banks (up 5.8 per cent), reported fall in share prices. Dividend payments also reflected the worsening economic situation. Out of 34 major domestic companies, 20 paid an unchanged dividend, seven reduced it, and two passed other payouts this year.

Private investors during the first three-quarters subscribed to Sch.5.2bn. worth of bonds, 38 per cent up on the same period, last year. Meanwhile the public weighted average dividends received accounted for 66.4 per cent of the aggregate new issues, as against 54.2 per cent last year. Industrial debentures, however, were almost completely absent, which jumped by 40 per cent in net terms rose by 28.4 per cent on last year to a total of Sch.28.2bn. The interest rate and ICI's by 25.5 per cent, on differential with regard to important neighbours and the 1976.

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VAD change likely in The Hague

By Michael Van Os

AMSTERDAM, Dec. 29. REPORTS FROM The Hague that the Dutch Cabinet is deciding to make a number of amendments to its much-maligned VAD law (the so-called VAD law) are likely to be backed by the trade unions but also other parties, for example the Government. It is further reported that a larger share of the funds created from the levy will go to the individual companies at companies rather than into a central fund for benefit of all workers.

One report also said that the actual VAD levy may be increased from the original proposed figures (10 per cent for 1976, 12 per cent for 1977, 15 per cent for 1978) to 15 per cent for 1976, 18 per cent for 1977, and 20 per cent for 1978. However, addressing the Chamber of Parliament last week in The Hague, Duynhoven Minister, Dr. Willem Duijnhuizen made it clear that he wants the VAD-system to be enforced through parliament for the next elections (M 1977). If the draft bill is introduced, the Government will succeed in pushing through Parliament on time.

The so-called VAD system is an excess profits levy system based on a "fair" return on company equity. One newspaper said that the cabinet was a "shaking of raising the percentage of what it called a "fair" return (what again is based on a percentage over the yield of Government bond loan). Though the Government has said much of the benefits of the fund would help improve pension schemes in the private sector, Dutch and foreign companies have criticised the proposal, instigated by the unions, as a "step toward workers' control," unconstitutional, technically inferior and generally very detrimental to the investment climate.

Those advocating the system have said, however, that it would promote labour productivity.

State bids for more equity as Götaverken builds for stock

BY OUR OWN CORRESPONDENT

STOCKHOLM, Dec. 29.

GÖTAVERKEN, the Swedish shipbuilding group, is to build 16 vessels for stock between now and the end of 1978 in an attempt to maintain some level of employment at its yards.

At the same time, Saleninvest, the holding company of the Salen group, the former owners of Götaverken who sold a 51 per cent share to the State earlier this year, has revealed that the Government is seeking to buy its remaining 49 per cent holding. Götaverken has not stated the cost of the 16 vessels it will build without orders, but Swedish newspapers have given a figure of Kr.2bn. (£285m.). They will be mostly bulk carriers in the 40-60,000 dwt range and possibly some smaller product carriers. All of the finance will have to be raised through borrowing.

Under a Government support scheme announced earlier this year Götaverken can get state credit guarantees for 70 per cent of the cost. If the Government takes over Salen's remaining 49 per cent holding, it will effectively be responsible for the total borrowing requirement. Mr. Erlend Wessberg, the new managing-director, said that by taking orders at "Japanese prices" which are some 50-60

per cent, below Swedish building costs, his yards would be guaranteed very heavy losses. But current prices had little relevance to those which would prevail, when the ships were sold. The yards would gain from the inflationary effect on prices up to the time of sale and had better chances of minimising currency risks by borrowing in the currency in which the sales would be made.

Mr. Nils Assling, the Minister of Industry in the new Socialists cabinet, has appointed Mr. Erik Huss, a county governor, to investigate the financial relationship between the State and Salen in Götaverken. But confirmation that the Government is seeking to buy Salen's remaining 49 per cent, came in a prospectus issued by Saleninvest, as its shares were quoted for the first time on the Stockholm Stock Exchange.

At the time of the first sale to the Government, Salen undertook as part of the deal to place orders for vessels worth Kr.138m. with the Erikberg yard, part of the Götaverken group, should the Government so demand. The Erikberg yard is now to be shut down.

According to the Saleninvest prospectus, the shipping and

trading concern expects to show a small profit this year thanks to the Kr.78m. income from the sale of the Götaverken shares to the State. Without this extraordinary income it would have a pre-tax loss of Kr.67m., an earnings decline of some Kr.130m. from 1975.

Mr. Sture Ödner, the managing director, foresees an improvement next year as a result of the revival in tanker and dry cargo trades. Salen now has only three tankers laid up compared with 11 at the beginning of the year. Earnings from Salen's reefer fleet have risen again this year and Mr. Ödner expects the market to remain firm during 1977.

Saleninvest's introduction to the Stockholm Bourse is motivated by extensive dealing in its stock following an earlier sale of some 100,000 of its 750,000 shares to employees. The prospectus issued on the occasion reveals the ownership structure in the family concern.

The brothers Sven and Christer Salen control close to half the stock and a little over 70 per cent of the voting rights through their personal holdings and through the stock held in the name of the Salenia Shipping Company, which they own jointly.

American Motors credit delay

SOUTHFIELD, Dec. 29.

AMERICAN MOTORS Corp. said negotiations on its short-term bank credit agreement originally scheduled for completion this week would not be finished until some time next month.

AMC's auditors Touche Ross have qualified their opinion of the company's annual report, noting that AMC's ability to continue in business hinges on these borrowings remaining available as well as an improvement in operating results.

Roy T. Laurie, vice president and controller for AMC maintained the delay isn't significant and occurred because "it just took longer to get it all together" than had originally been expected.

AMC which had a loss of \$46.5m. on \$2.32bn. in sales for the fiscal year ended Sept. 30 is carrying on negotiations involving three separate borrowings with a total value of \$128m. Laurie said each financing is tied to completion of the other two. "It's like a three-legged stool," he said, "it took longer to put the legs on than we'd thought."

The first leg is a credit agreement with a group of U.S. banks

under which AMC and its AM General Corp. subsidiary have a total of \$57.6m. outstanding in short term bank borrowings. That agreement which expires at year-end is renegotiated annually. AMC has said it expected it to be extended another year under current terms. However so far the banks have granted only a temporary extension pending completion of the auto maker's other financing arrangements, AMC said.

A crucial second part of AMC's

VMF-Stork payment

BY OUR OWN CORRESPONDENT

THE BOARD of VMF-Stork has said that shareholders should not count on receiving a dividend over 1976 in view of the current difficult circumstances. A definite decision will be announced during the publication of the definite figures for this year.

Last year the company still paid a dividend of Fls.1.10 per share of Fls.100. That year the

arrangement is refinancing \$20.5m. worth of 61 per cent notes which are held by a Swiss bank and which come due on February 28. Laurie said negotiations are currently underway on refinancing these notes.

Third, the company is also in the process of revising terms of a loan agreement under which it may borrow up to \$50m. AMC has already borrowed \$25m. of this amount on a 90-day revolving note.

AP-DJ

EUROBONDS

WITH SELLERS reluctant to enter the market, persistent buying pushed Eurobond prices better in all sectors yesterday. The Bondtrade index, which reached a new peak for the year, overtaking its previous 1976 high recorded in September, and floating rate notes were particularly strong following publication of the terms for the new \$40m. Banque National de Paris floating rate note. Due to be announced to-day is a \$50m. BNP floating rate note which will be announced to-day is a \$50m. (average life six-and-a-half years) for Eurofina with Smith, Barney and Swiss Bank Corp. (Overseas) as joint lead managers.

Finns expect sharp drop in energy requirements

THE FINNISH energy policy committee, in a fresh report, states that the country's energy requirements up to 1985 have been sharply revised downwards, writes Lance Keyworth from Helsinki. The reasons are offered for the change. The first is a slower growth in gross domestic product. From the 5 per cent, experienced over the past 15 years, growth is expected to slow to 3 per cent, from now until 1980, and thereafter run at 4 per cent, until 1985. The second reason is energy savings already effected and still to be implemented. The third is financing problems, which brings the committee into line with Bank of Finland thinking on the subject of new investments in the energy sector.

The committee has decided that no new nuclear power plants are required before 1985. There are four atomic power plants under construction at present. Lovisa One, a Soviet project is due to go on stream at the turn of this year, and when Lovisa Two is completed in 1978 this will add a total of 40 megawatts to the national grid. The two nuclear plants under construction by Asea-Atom of Sweden are scheduled for completion in 1978 and 1980. These and the Soviet plants, and the international debate on civil nuclear protection against possible radiation fall-out dangers, have also influenced Finnish thinking on new nuclear power station projects.

Mitsubishi company

Mitsubishi Motor Corporation has established a sales company in West Germany jointly with the Trapp Auto group for the distribution of Mitsubishi cars in the "West German market." The new company, MMC, Auto-Deutschland, is 85 per cent owned by the German company and 15 per cent by MMC.

May and Baker completes new packaging hall

Financial Times Reporter

A NEW pharmaceutical packaging hall at Norwich has been completed by May and Baker, the Dagenham-based U.K. drugs subsidiary of the French chemicals group Rhone-Poulenc. A wide range of products will be packaged in the new hall which has cost about £250,000, including anti-malarials, anti-allergics, anti-depressants and a relatively new medicine for the management of rheumatoid arthritis and osteoarthritis. The company has also recently completed at Norwich a new production unit and store for preparation of medicated feed additives for veterinary use, costing about £200,000.

NZ Union Steam

Higher charges

AN INCREASE in net profit of \$NZ1.3m. was recorded by the NZ Union Steam Ship Company for the past year, reports Dai Hayward.

Chairman, Sir Peter Abeles says the company is entering a new era of efficiency with the introduction of new, fast roll-on-roll-off ships into the Tasman trade and on to the Australian coast. Sir Peter forecasts a build up in trade in the coming year. Two new roll-on-roll-off ships are due to join the company's fleet early in 1977.

Watch sales

Conditions in the Swiss watch industry are expected to remain difficult in 1977, according to Dr. Peter Renggli, president of the Swiss watch group Asag. He said the industry will have to double its efforts to retain or extend its position in the market.

Bondtrade index at peak

BY TONY HAWKINS

WITH SELLERS reluctant to enter the market, persistent buying pushed Eurobond prices better in all sectors yesterday. The Bondtrade index, which reached a new peak for the year, overtaking its previous 1976 high recorded in September, and floating rate notes were particularly strong following publication of the terms for the new \$40m. Banque National de Paris floating rate note. Due to be announced to-day is a \$50m. BNP floating rate note which will be announced to-day is a \$50m. (average life six-and-a-half years) for Eurofina with Smith, Barney and Swiss Bank Corp. (Overseas) as joint lead managers.

In the deutschmark sector, the Province of Quebec is to borrow DM100m. with a 10-year bullet issue on an indicated 7 1/2 per cent coupon. The issue price is likely to be par and pricing is scheduled for January 10. The lead manager is Westdeutsche Landesbank.

So far, two new issues for 1977 have been announced—the BNP floater and the \$30m. seven-year bullet at 8 1/2 per cent for Bank of America. The \$30m. floater is to be announced to-day is a \$50m. borrowing over seven years (average life six-and-a-half years) for Eurofina with Smith, Barney and Swiss Bank Corp. (Overseas) as joint lead managers.

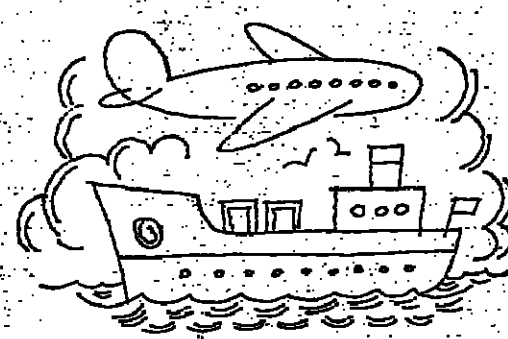
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BONDTRADE INDEX

	Wed.	Tues.
Medium	102.77	102.69
Long	94.84	94.74
Convertible	108.62	107.82

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Common Stock (\$8 1/2 par value)

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Blyth Eastman Dillon & Co.

The First Boston Corporation

E.F. Hutton & Company Inc.

Merrill Lynch, Pierce, Fenner & Smith

Barclay Halsey Stuart Inc.

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette

Drexel Burnham & Co.

Goldman, Sachs & Co.

Hornblower & Weeks-Hemphill, Noyes

Kidder, Peabody & Co.

Kuhn, Loeb & Co.

Lazard Freres & Co.

Loeb, Rhoades & Co.

Paine, Webber, Jackson & Curtis

Reynolds Securities Inc.

Salomon Brothers

Smith Barney, Harris Upham & Co.

Wertheim & Co. Inc.

White, Weld & Co.

Bateman Eichler, Hill Richards

Shearson Hayden Stone Inc.

Growell, Weedon & Co.

Shuman, Agnew & Co., Inc.

Sutro & Co.

Basic Securities Corporation

Daiwa Securities America Inc.

New Court Securities Corporation

The Nikko Securities Co.

Nomura Securities International, Inc.

UBS-DB Corporation

SoGen-Swiss International Corporation

Yamaichi International (America), Inc.

Caisse des Dépôts et Consignations County Bank Limited

INTERNATIONAL COMPANY NEWS

EUROMARKETS

World Bank warning on LDC debt management

BY TONY HAWKINS

THE GROWING dependence upon commercial borrowing in the relatively advanced developing countries puts more stress on their debt management capabilities, according to a World Bank study.

The Bank has published revised and updated information on the external public debt of 86 developing countries. The survey does not cover borrowings by private sector organisations in the countries, but only loans to public sector entities or loans under Government guarantee. Accordingly, the survey does not show the full extent of net foreign long-term borrowing by the LDCs.

The report says that the increased use of the Euromarkets by LDCs frequently implies repayment over a shorter period of time and borrowing at a higher rate of interest, compared with loans from official sources.

The Bank has compiled time series data which show future debt service payments as a percentage of debt outstanding at some base date. As the maturity of a country's debt falls and the average interest rates, so the time profile ratio increases.

The five-year time profile ratio for all LDCs increased from 75 to 79 between 1969 and 1974 while the 10-year ratio went up from 104 to 124. This reflects a hardening of the terms on which LDCs were able to borrow as well as the shift away from supplier credits towards borrowing from banks at higher interest rates than those charged on supplier credits.

The report shows that for all LDCs, loans obtained through financial markets—as distinct

from official sources—comprised 24 per cent of debt outstanding at the end of 1974 as against only 11 per cent in 1967. This growth in private sector borrowing has meant that the LDCs are now faced with shorter and very often, variable interest rates.

In the 1973-74 period the increased use of variable interest rate loans meant higher borrowing costs but in the past two years when the reference rate (London Interbank Offered Rate) has been falling, the borrowers have benefited.

Growth in variable interest rate borrowing—about half the LDC debt owed to private sources at the end of 1974—carried interest at variable rates—has increased the problems involved in forecasting a country's future balance of payments position.

Until recently, debt servicing costs have been a readily-forcastable element, with the major unknowns being exports, imports and the servicing cost of loans. But the variable interest element on past loans will fluctuate in line with short-term money market considerations, particularly in the U.S.

The importance of this factor is shown by a calculation of the differential between debt service costs based on the historically high six-month LIBOR rate (1974) and the historically low rate (1972). With interest rates at low levels, debt service would have been \$4.68bn. while at interest rates based at their high levels, then the cost would have been \$8.5bn.

The report points out that the

significance of floating rate debt has increased in the past two years so that a growing element in the debt service equation is now subject to uncertainty.

The survey shows how inflation has mitigated the debt service burden. While nominal debt service payments rose from \$8.5bn in 1972 to \$13.3bn in 1974, there was a decline in real terms—that is after adjusting each payment by an import price index. In other words, the payment of \$1 of debt service in 1974 required a smaller reduction in imports than was the case in either 1973 or 1972. However, for such calculations to be meaningful, they must be carried out on a country-by-country basis.

The World Bank report puts the 1974 figure for amortisation of LDC external public debt at \$8bn, and interest at \$4.6bn, so that such countries needed a minimum of \$13.5bn, merely to honour their existing obligations.

By 1976, this figure is projected to have risen to \$15.5bn—without taking into account any new borrowings since 1974.

The gradual figure on which the LDCs are operating, which is that of the net transfer of financial resources (as distinct from commitments) less amortisation and interest charges.

In nominal terms this is shown to have been rising sharply from \$4.2bn in 1970 to \$11.8bn in 1974. But when adjusted by the import price index, the net transfer rises from \$4.9bn in 1970 to \$7.6bn in 1973, falling in 1974 to \$7.1bn, reflecting the impact of the oil price rise.

Tighter rules for K. L. Exchange

BY WONG SULONG

SINGAPORE, Dec. 29.

THE MALAYSIAN government has introduced wide ranging changes giving it effective control over Kuala Lumpur Stock Exchange, as well as providing better protection for investors.

Under the regulations of the Securities Industry Act 1973, which became effective on Tuesday, the government is empowered to decide who, or who should not, be involved in the industry.

Members of the new exchange will now have to apply for a yearly licence from the Minister of Finance. This contrasts with the previous practice of buying a seat on the Exchange.

Existing members of the Exchange have strongly objected to this change, as some of them had paid as much as Ringgits 350,000 (280,000) for their seats.

The Government's intention is to bring in more members, especially Malay brokers, who

may not have the money to purchase a seat. However, it has assured existing members that their seats would be carefully selected, and their numbers limited.

Finer involved in the securities industry must have 70 per cent local equity, and this ruling will affect several foreign companies, including Lawrence Fraser which set up a branch in Kuala Lumpur in 1974.

The Act also provides for a guarantee fund to be set up by key role in the industry to protect the interests of investors. It also creates a list of offences and penalties relating to trading in securities.

The Kuala Lumpur Exchange, operating under the old rules, has been liquidated, and its assets, amounting to nearly Ringgits 7m., are to be distributed among its 95 members. Earlier, the government said it wanted the assets to be transferred to the new Exchange.

Air Siam operations suspended from Jan. 1

BY RICHARD NATIONS

BANGKOK, Dec. 29.

AIR SIAM, Thailand's second string international airline, has announced that it will temporarily cease operations from January 1, until the Government has a firm policy to support our business," according to the company's managing director Mr. Virith Vichitvacharn.

Mr. Virith told the press that the company faces some \$17m. debt which has been accumulating at a rate of \$2.5m. per month. He stated the airline's decline was from the policy of previous governments to merge Air Siam with its rival.

Mr. Virith denied that ceasing operations was a ploy to put pressure on the government. However, he said the airline was "desperate" and "desperately" Air Siam's position—and it can only but be desperate now—

double this is the end," one diplomatic observer commented, and went on to say "we have seen this airline arise from the ashes time and again."

Air Siam's fate is closely bound up with the upcoming negotiations between the British and Thai Governments on the permitted level of Thai seating capacities on the Bangkok-Hong Kong-Japan route. The Thai's reduced their capacity by 2,000 seats under pressure of a two-month British ban on lifting passengers out of Hong Kong to Japan last year.

British diplomats here voice some apprehension that the demise of Air Siam could renew the dispute between London and Bangkok over the allocation of Air Siam's quota on that highly competitive route.

Former director rejoins Hutchison

BY PHILIP BOWRING

HONG KONG, Dec. 29.

LEADING LOCAL lawyer Peter Griffiths has rejoined the Board of Hutchison International. Griffiths resigned two months ago to join a law firm, as a result of his interest in his position as an executive director

of Whellock Garden, which Hutchison was then interested in acquiring. Last week Hutchison announced that it was to acquire the Whellock Garden, which was then a law firm, as a result of his interest in his position as an executive director

Itoh-Ataka merger agreement

TOKYO, Dec. 29.

ITOHO, Japan's fourth largest trading house, signed an agreement on Wednesday with the financially stricken Ataka to amalgamate by October 1 next in an effort to save the merger negotiations said that the unimagineable financial consequences of Ataka's currently estimated ¥1,000bn. in total liabilities, those involved in the merger agreement said.

The major banks—Sumitomo Bank, and the Kyowa Bank—which arranged the merger Japanese financial institutions agreement, through long months held about ¥540bn. of the trade often painful negotiations, in firm's debts. The estimated aid in a statement on Wednesday ¥1,000bn. in liabilities also included about ¥44.1bn. in credits that was completed "with the extended by foreign banks and understanding that the problem financial institutions. The rest

of the credits involved were extended by the large number of Japanese banks. Ataka has, the official said.

The basic agreement reached by the two companies will result in the creation of the third largest trading concern in Japan, behind Mitsubishi Corporation and Daiwa Bank. It is currently ranked number three among the trading companies.

The agreement—according to a memorandum issued by the two companies and the banks—stipulates that the two shall immediately commence preparation for achieving the merger.

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STOCK MARKET ROUND-UP

Recovery in Japan

BY DOUGLAS RAMSEY IN TOKYO

JAPANESE stock exchanges ended 1976 trading yesterday in a stronger position than they have enjoyed in the past year. On the Tokyo stock exchange, the Nikkei-Dow Index of 228 selected shares closed the year at ¥4,990.85, the highest level since August 1973 when the index stood at ¥4,990.85, a surprising performance at the tail-end of a year conspicuous for being big in neither bulls nor bears.

Trading volume

Dealers looking back on 1976 will find some solace in the fact that the market never dropped below the record low set on the first day of trading last January, when the Nikkei-Dow Index closed at ¥4,403.06; moreover the 43 per cent rise from start to finish of the year looks healthy by international standards, even if trading volume remained relatively low compared with previous years. The 300m. shares traded yesterday morning on the first section of the TSE, however, seems to indicate that the flurry of activity in December will probably spill over into the 1977 season.

December has, in fact, been the exception to the 1976 rule on Japanese exchanges. The market advanced through most of the first quarter until it became apparent that exports were undergoing a phenomenal recovery. Export shares took on a wave of foreign buying, and the whole market got a boost from corporate results for the September to March 1976 when listed companies posted a mammoth 46 per cent increase in profits over the previous September. In the race to buy, however, investors overlooked the fact that sales of these same companies had risen by less than 5 per cent in the period, and even then virtually the whole increase could be put down to overseas markets.

Still, exports raged through the second quarter, and with them the stock market—after a sharp fall (in mid-April) took the industrial average to just above the record low set on January 5. Trading volume reached a peak daily average in June of 284m. shares, second only to size to the 400m. shares traded daily in January (though admittedly at much lower prices). As a result, the TSE market up a daily average sales of ¥97bn. (¥200m.), the highest in the market's history.

By late summer, however, the political situation in Japan began to take its toll on the market. Foreign investors began to quit the market, and began selling more securities than they bought from August onwards, until the net outflow reached a

peak in October of \$90m. (a trend, some believe let up in November when net sales totalled \$97m, and may actually have worsened in December because of large-scale selling of high-priced stocks in advance of the December 5 general election).

Despite heavy foreign selling, however, the Japanese market held up surprisingly well through October. The June average of the Nikkei-Dow Index of ¥4,728.44 was bettered in July, dropped to ¥4,709.35 in August, gained ¥4.70 in September, and closed the year at ¥4,990.85, the highest level since August 1973 when the index stood at ¥4,990.85, a surprising performance at the tail-end of a year conspicuous for being big in neither bulls nor bears.

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Turning point

With 11 months of uncertainty out of the way, December marked a turning point for most investors. The election was worse for the LDP than most dealers expected, but left the Conservatives in power. On Christmas Eve the new Parliament elected Mr. Takeo Fukuda, big business's best friend in politics, to the prime minister's office, and promptly announced plans for a major reflationary package. All told, by year's end the political and economic clouds hanging over the stock market seemed to have been dispersed, and investors were looking to the traditional January flurry (last time volume fluctuated between 400m. and 500m. shares a day) for the start of a real stock market boom in 1977—admittedly, a year later than anticipated.

Notice of Redemption

Chevron Overseas Finance Company

7% Guaranteed Sinking Fund Debentures Due February 1, 1980

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of February 1, 1968 under which the above-described Debentures were issued, Citibank, N.A., formerly First National City Bank, as Fiscal Agent, has selected for redemption on February 1, 1977 (the "Redemption Date") at 100% of the principal amount thereof (the "Redemption Price") plus accrued interest to the Redemption Date, payable in U.S. dollars through the operation of the Sinking Fund provided for in the said Agreement \$3,500,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF \$10,000 PRINCIPAL AMOUNT OUTSTANDING	
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WALL STREET + OVERSEAS MARKETS

Rally halted by profit-taking

BY OUR WALL STREET CORRESPONDENT

STOCK PRICES declined reversing the two-day rally after the Christmas holiday.

The market appeared to be digesting recent gains and there was no immediate reaction to a 1 per cent rise in the U.S. index of leading economic indicators in November reported by the U.S. Commerce Department.

NYSE declines outnumbered advances by more than a six-to-five margin, while the DJ industrial average was off 3.07 at 988.01.

While the Utilities index edged up at 106.24 and the Transport index edged up 0.04 to 234.58, Stocks declined 0.38 to 322.26.

Among the volume leaders pointing lower were Sony Corp down 1 at \$91, Morton-Norwich Products off \$1 at \$201, Tennessee down \$1 to \$181, and Occidental

OTHER MARKETS

Canada mixed

Canadian stock markets displayed a mixed picture following the reaction to the U.S. rally. In Montreal, Papiers advanced fractionally while all other indices reflected slightly lower share prices in light of the U.S. rally.

Among the volume leaders pointing lower were Sony Corp down 1 at \$91, Morton-Norwich Products off \$1 at \$201, Tennessee down \$1 to \$181, and Occidental

Financial Collection Agencies

gained 5 cents to \$1.55 and OBC Capital the most active industrial

issue—rose 50 cents to \$61.

Imperial Oil "A" lost \$1 to \$221,

while West Coast Transmission

climbed \$1 to \$28. Bank of

Montreal and Canadian National

Bank were both weaker. Noon

volume was 163,892, against Tues-

day's 167,388.

In Toronto, the Industrial Index

shed 0.66 to 178.99 while Base

Metals declined by 0.37.

But Gold and Western Oils both

pointed higher.

PARIS—The market closed well

maintained, especially Steels,

helped by recent strength of the

franc against the dollar and a

firm Wall Street. The smaller

trading expected in the French

November retail price index also

aided sentiment.

Americans were not as well

maintained as domestic stock and

German, Dutch, Belgian and

international Oils were mixed.

Gold mines and Canadians were

firm and Coppers mostly higher.

Thomson Brandt rose Frs 2.70

and Peugeot-Citroen up Frs 4.10

to Frs 230 and L'Oreal advanced

Fr 3.30 to Frs 396.

BRUSSELS—Most Belgian

shares rose on the higher Wall

Street trend but volume was

small. Robeco, Cockeril, UCB,

Tubacifina and St. Roch were

prices in light of the U.S. rally.

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Americans were not as well

maintained as domestic stock and

German, Dutch, Belgian and

international Oils were mixed.

Gold mines and Canadians were

firm and Coppers mostly higher.

Thomson Brandt rose Frs 2.70

and Peugeot-Citroen up Frs 4.10

to Frs 230 and L'Oreal advanced

Fr 3.30 to Frs 396.

BRUSSELS—Most Belgian

shares rose on the higher Wall

Street trend but volume was

small. Robeco, Cockeril, UCB,

Tubacifina and St. Roch were

prices in light of the U.S. rally.

Among the volume leaders

pointing lower were Sony Corp

down 1 at \$91, Morton-Norwich

Products off \$1 at \$201, Tennessee

down \$1 to \$181, and Occidental

Financial Collection Agencies

gained 5 cents to \$1.55 and OBC

Capital the most active industrial

issue—rose 50 cents to \$61.

Imperial Oil "A" lost \$1 to \$221,

while West Coast Transmission

climbed \$1 to \$28. Bank of

Montreal and Canadian National

Bank were both weaker. Noon

volume was 163,892, against Tues-

day's 167,388.

In Toronto, the Industrial Index

shed 0.66 to 178.99 while Base

Metals declined by 0.37.

But Gold and Western Oils both

pointed higher.

PARIS—The market closed well

maintained, especially Steels,

helped by recent strength of the

franc against the dollar and a

firm Wall Street. The smaller

trading expected in the French

November retail price index also

aided sentiment.

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international Oils were mixed.

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FARMING AND RAW MATERIALS

China may import more wheat

WASHINGTON, Dec. 29. BASED ON recent purchases of wheat from Canada, Australia and Argentina, the U.S. Agriculture Department estimates that China's imports in the first half of 1977 will approach 25m. tonnes, nearly one-third more than year earlier, reports Reuters.

In its roundup of world commodity highlights the USDA estimates that purchases for shipment during the February-June 1977 period are expected to total 1.46m. tonnes.

Shipments of wheat to China during February-June 1976 totalled 1.05m. tonnes and during calendar year 1976 2.5m.

The U.S. and the Soviet Union will meet in Moscow from January 4 to 7, in a fresh attempt to reach a new maritime agreement for the shipment of U.S. grain to the USSR, a U.S. maritime administration spokesman said.

Copper shrugs off stocks increase

By Our Commodities Staff

COPPER PRICES rose on the London Metal Exchange yesterday, despite a hefty rise in warehouse stocks to a record level and the firm tone of sterling.

Cash wirebars closed \$12.5 up at \$794.25 a tonne, reflecting a firmer tone in the New York market and renewed speculative buying interest.

The rise, 4,800 tonnes in copper stocks held in LME warehouses, took the total to 599,300 tonnes.

As expected, zinc fell for the seventh week in succession by 2,225 tonnes reducing total holdings to 93,150 tonnes compared with a peak of 112,950 tonnes in October.

Lead stocks fell by 350 to 89,300 tonnes, and LME silver holdings declined by 320,000 to 28,270,000 ounces.

MOLYBDENUM PRICE RISE

Climax Molybdenum Company, a division of Amstar Inc., has increased prices of all molybdenum products ordered on or after December 27. Molybdenum concentrate, for example, will be \$3.45 a pound of contained molybdenum, fob Climax, Colorado, up from \$3.20 a pound.

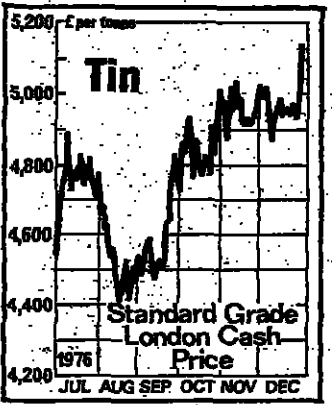
Tin reaches new peak in world pact setback

By JOHN EDWARDS, COMMODITIES EDITOR

CASH TIN rose to a new all-time peak on the London Metal Exchange yesterday, after gaining \$105 to \$5,130 a tonne.

The three months contract rose by only \$43.5 to \$5,151 a tonne reflecting one of the reasons for the rise in the cash price—a hefty fall in LME warehouse stocks of 475 tonnes reducing total holdings to 5,410 tonnes—and a shortage in immediately available supplies.

Also boosting London tin prices was a sharp rise in the Penang market, up by \$817.375 to \$31,267.375 a picul over the holiday period.



Refused

The increase in Penang apparently reflected hopes of a fall in London stocks, the general uncertainty after the Bolivian announcement that it was not prepared to ratify the International Tin Agreement by the scheduled December 31.

In practical terms this means that the agreement will almost certainly be provisionally extended for a further six months until June next year, but in the meantime there is considerable concern at Bolivia's attitude.

Mr. Peter Lai, chairman of the International Tin Council, met the Bolivian Ambassador in London, General Rogelio

Miranda, yesterday to emphasise the council's disappointment and to stress that Bolivia would be in a better position to achieve the changes it wants in the agreement as a member.

It is understood, however, that Bolivia is maintaining its refusal to ratify the deal in protest against what it considers to be unrealistically low price ranges—despite the increase agreed earlier this month.

Bolivia also claims that the agreement is loaded against producers, who still have to bear the main burden of financing

Confident

However, tin market sources yesterday were confident that in the long run Bolivia—as a high cost producer—would eventually join on the basis that the collapse of the agreement would mean it would be cutting off its nose to spite its face.

General Miranda, for example, yesterday echoed the Council's announcement that Bolivia was not prepared to join "for the moment" and was not basically anti-agreement. Other tin producing countries are also likely to exert pressure on Bolivia to join.

Nevertheless, Bolivia's not unexpected intransigent attitude will probably mean a special meeting of the Tin Council to be held after the scheduled meeting on January 6, if only to authorise the extension of the agreement.

New warnings on pig output

By PETER BULLEN

A NEW warning on the falling profitability of pig production was sounded yesterday by the Meat and Livestock Commission.

In its Market Outlook it warns that the rapid rise in pig feed costs means that the profitability of weaner and finished pigs will be considerably lower in the spring and summer of 1977 than in the same period of 1976.

Sow and boar slaughterings remain at a high level but the fall in the national breeding herd will not affect pork and bacon output until the second half of next year.

The MLC forecast comes only days after warnings by the National Farmers' Union that sow slaughterings had jumped from 6,000 a week to 10,000.

Unless the Government took early action to help pig producers the outlook would continue to be bleak, the MLC says, with a resulting fall in meat supplies and an alarming increase in shop prices later in 1977.

Sir Henry Plumb, NFU President, called for direct payments to U.K. producers to offset the "iniquitous" excessive monetary

compensatory amounts paid to other EEC countries who export pigmeat to Britain.

As far as the Ministry of Agriculture is concerned, the U.K. pig producers' plight has not gone unnoticed and Mr. John Silkin, the Minister, intends to pursue the subject of a fairer system of EEC aid at next month's meeting of the EEC Council of Ministers. By then Mr. Silkin will have become chairman of the Council.

In contrast to the outlook for pig producers, the meat commission forecasts that sheep producers will benefit from a substantial increase in gross margins next year.

The fat sheep market is expected to remain firm in 1977 with the average price peaking at about 25p a pound in May.

However, producers of lambs are expected to earn only slightly more than in 1975-76 while those purchasing this autumn for sale next spring can expect lower margins because of the

high costs of stores.

Despite higher store cattle prices, gross margins on beef cattle bought this autumn for finishing next spring or early summer should be higher than in 1975-76, the MLC added. Fat cattle and store cattle are expected to remain firm in 1977.

From Monday, January 3, fatstock sales switch to metric measurement. The MLC says live weights of fat cattle, sheep and pigs will be measured in kilograms.

Weights of cattle will be rounded down to the nearest 5 kg; live weight of pigs and sheep will be rounded down to the nearest kilogram and the estimated dressed carcass weight (e.d.c.w.) of sheep will be calculated and rounded down to the nearest 1 kg.

The MLC market reports that live weight prices of fat cattle and pigs will be quoted in pence per kilogram and fat sheep prices in pence per kilogram e.d.c.w. Fat cows, veal calves, ewes, fat lambs and store stock will all be quoted in pence per kg.

Demand cut warning hits coffee

By Richard Mooney

COFFEE PRICES sustained their biggest setback for over five months on the London commodity market yesterday.

The March futures position closed \$50 down on the day at \$2,379 a tonne after slipping to \$2,375 a tonne at one stage.

Dealers said the fall was mainly due to Press reports of a U.S. consumer restraint programme to reduce coffee prices.

This was highlighted by a New York State Consumer Council threat to boycott coffee purchases.

Speculative selling registered on the New York market and London prices fell in sympathy.

Further downward pressure may have been provided by the announcement of a formula to solve the Jacques Berle cocoa debacle, though this naturally had a more direct bearing on the fall in the cocoa market.

A major U.S. West Coast coffee shipper is also big in coffee and his difficulties in coffee could have spilled over into coffee had no solution been reached.

The Christmas agreement is believed to have resulted in liquidation by speculators who had bought coffee futures on the strength of this situation.

Some dealers argue, however, that these speculators would have sold anyway.

An initial \$20 permissible limit decline in cocoa futures was attributed to news of the Berle settlement coupled with the firmer tone of sterling.

After the mandatory 15-minute break in trading, values declined further, with the March position reaching \$1,901 a tonne.

But prices regained some of the ground following the announcement of a lower-than-expected Ghana main crop purchase figure for last week.

Lower Brazil soya estimate

WASHINGTON, Dec. 29. THE U.S. Agriculture Department's Foreign Agricultural Service now projects the 1976 Brazilian soybean crop at 12.6m. tonnes, down 650,000 tonnes from its earlier estimate, but 1.4m. tonnes above the record 1976 crop of 11.23m. tonnes, reports Reuters.

In a round-up of world commodity highlights the Department said that in terms of product equivalent, the revision would amount to a reduction of 480,000 tonnes of meal and 107,000 tonnes of oil from its previous estimate.

U.K. AGRICULTURE End of tied farm cottage era

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

NEW YEAR'S DAY will be celebrated by the National Union of Agricultural and Allied Workers because the Act which ends the tied cottage system the Rent (Agriculture) Act 1976 comes into force.

It is also probable that workers who are under the threat of eviction following previous court orders will be relieved. In future, new arrangements will have to be made to get possession of farm cottages in cases where farmers need them for new workers.

Farmers will now have to prove their need to an advisory committee made up of farmers, workers, and an independent chairman. If the request is agreed by the committee, a certificate will be granted which places the onus of finding a house for a displaced worker on the local housing authority.

This is not mandatory; the authority is enjoined in the act to use its best endeavours to find a council house or other accommodation.

The Country Landowners' Association and the National Farmers' Union fought the proposals on the grounds that they would interfere with food production, and that the directive to local authorities was not firm enough.

single men. Presumably, contract workers engaged on a permanent basis would come under the protection of the Act.

During the arguments over the Bill, a good deal was made by the employers of the fact that the existing system did allow an avenue of promotion for a keen young man.

Without it he might be stuck in his home neighbourhood for the rest of his life, or leave farming altogether in order to better himself. This was the employers' view, but I heard it from workers, although there were exceptions.

Most of them confessed that they were pleased that the threat of evictions for them or their families should be over. There is no doubt that the measure will bring changes to farming systems in England and Wales. The Act does not yet apply to Scotland, but it will chiefly affect the larger farm business and it is significant that in surveys of the system it was found to be concentrated in the south and south-east, where many of the larger dairy and other farms are centred. In the

West of England farms are smaller, and there is less dependence on hired labour of any sort.

There are already signs that farmers are stopping any plans for expansion of livestock production because, in their eyes, it would place them at an unjustifiable risk if a man left and his place could not be filled for many weeks or months for lack of a house.

Any farmer today who has more livestock on the farm than he can handle with his own labour and that of his family could well be asking for trouble.

Bad name

There may not be much disruption for a start because there is a remarkably low turnover of labour in farming, and certain local authorities have always been reluctant to co-operate in housing redundant farm workers and their families.

But many of these demanded a court order before doing so, and this accounted for a large proportion of the court proceedings which gave the tied cottage such a bad name.

In the long term, though, it is probable that the numbers employed will drop substantially. The U.K., according to the latest statistics, employs just under a third of all the agricultural wage-earners in the EEC.

Elastic

This is partly a reflection of the larger farm size. It looks as though taxation will tend to reduce the British farm size to Mr. Healey's definition of a working farmer's holding, and economic pressure will force certain lines of production to the family unit.

In Europe, for instance, it is generally believed that pig, poultry and milk production is being fully taken over by the family farm, where labour costs are more elastic than on farms which depend on hired labour.

If the U.K. continues the process of harmonisation with the rest of the Community, the changes must obviously come here. In the end, the NUAAW could well find itself to have won Pyrrhic victory because there may be few of their members left in a few years' time.

Argued

It was argued that in the case of a local authority being unable or unwilling to find alternative accommodation, farmers would have no option but to close down sections of their businesses which depended on housing their employees.

These are mainly cowmen, pigmen, and so on, most of whom live near their work because of the need to be at hand in emergencies or for convenience.

It is generally believed that about 80 per cent of workers in these categories live in tied cottages. Some of them are employed in getting accommodation for a replacement worker would well lead to hardship or disruption of the farm.

For farmers who are caught in this situation, there are a number of services offering contract workers for relief milking, etc. But these, with few exceptions, are temporary jobs filled by

No doubt

They might have to move in the end, but they would only have to go to reasonable accommodation for them before they are forced to leave.

There is no doubt that the measure will bring changes to farming systems in England and Wales. The Act does not yet apply to Scotland, but it will chiefly affect the larger farm business and it is significant that in surveys of the system it was found to be concentrated in the south and south-east, where many of the larger dairy and other farms are centred. In the

COMMODITY MARKET REPORTS AND PRICES

BASE METALS			
COPPER	Official	Unofficial	Change
Wirebar	794.25	794.25	+12.5
Sheet	794.25	794.25	+12.5
Cast	794.25	794.25	+12.5
Lead	794.25	794.25	+12.5
Zinc	794.25	794.25	+12.5
Aluminium	794.25	794.25	+12.5
Steel	794.25	794.25	+12.5
Iron	794.25	794.25	+12.5
Coal	794.25	794.25	+12.5
Oil	794.25	794.25	+12.5
Gas	794.25	794.25	+12.5
Electricity	794.25	794.25	+12.5
Water	794.25	794.25	+12.5
Waste	794.25	794.25	+12.5
Recycling	794.25	794.25	+12.5
Other	794.25	794.25	+12.5

COCAO

Commodity	Price	Change
Cocoa Beans	2,379	-50
Cocoa Butter	1,901	-20
Cocoa Shell	1,200	-10
Cocoa Pulp	1,100	-5
Cocoa Powder	1,000	-2
Cocoa Solids	900	-1
Cocoa Fat	800	-0.5
Cocoa Lecithin	700	-0.2
Cocoa Sterols	600	-0.1
Cocoa Glycerol	500	-0.05
Cocoa Monoacylglycerols	400	-0.02
Cocoa Diacylglycerols	300	-0.01
Cocoa Triacylglycerols	200	-0.005
Cocoa Polyacylglycerols	100	-0.002
Cocoa Steryl Esters	50	-0.001
Cocoa Steryl Glycol Esters	25	-0.0005
Cocoa Steryl Ether Esters	12.5	-0.0002
Cocoa Steryl Ether Glycol Esters	6.25	-0.0001
Cocoa Steryl Ether Ether Esters	3.125	-0.00005
Cocoa Steryl Ether Ether Glycol Esters	1.5625	-0.00002
Cocoa Steryl Ether Ether Ether Esters	0.78125	-0.00001
Cocoa Steryl Ether Ether Ether Glycol Esters	0.390625	-0.000005
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Changes in controls over public spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BIG CHANGES in the present system of Parliamentary control over public spending, including a possible merger of the estimates procedure and cash limits, are being considered at the Treasury.

The issue has been discussed with the all-party committee of MPs which watches over public spending. But no decisions are likely for some time. The present system will continue in the next financial year.

Proposals for a change were made after introduction in April of cash-limit controls on money outlays over a wide range of spending. These limits are fixed to take account of expected inflation in the financial year.

The main difference between estimates and cash limits is that the former do not take account of anticipated inflation in the relevant financial year.

The present system of estimates has become effectively redundant as a method of either projecting forward spending or of detailed control, especially in view of the introduction next April of the Treasury's new computerised Financial Information System of monitoring spending, which will allow the impact

of inflation to be separated from changes in the volume of spending.

Cash limits are one of three parallel systems of public expenditure accounting in use. The other two are the constant or real terms price basis used in the five-year projections in the Public Expenditure White Paper which effectively ignores inflation; and the estimate price used in proposals to the Commons.

Parliamentary control over spending dates originally from the 14th century. The modern system is more than 100 years old. This involves publication at the time of the Budget of a detailed estimate of expenditure voted on by the Commons with later supplementary estimates to take account of new projects and inflation.

This has led to a study of proposals for merging estimates and cash limits, but the Treasury has been proceeding very cautiously. This is both because cash limits are still in their infancy and the Treasury has always believed that it would take two or three years for monitoring of spending to work smoothly enough for further changes to be introduced. Treasury officials are conscious

of the need to tread carefully in relation to the delicate topic of Parliamentary control.

The subject has been raised at hearings of the General Sub-Committee of the Expenditure Committee. Mr. Michael English, its chairman, has indicated that a sympathetic reception would be given to any Treasury suggestions.

A merged system would have to allow for the possibility that inflation might be lower than projected in the cash limits, and so there would have to be some claw back.

A solution to this would be for Parliament to approve a certain percentage, say 65 to 75 per cent, of the total cash limit, in the spring, followed by a further sum in the late autumn.

This would be broadly similar to the present Supplementary Estimates, which are an occasion in theory for Parliament to take a further look more than half way through the financial year. Consideration of changes is still very tentative. Other points to be resolved include the possible need to break down cash limits into more detail, as happens with the present annual estimates.

Editorial Comment, Page 10

New Pickersgill order for five vessels

BY KEVIN DONE, INDUSTRIAL STAFF

AUSTIN and Pickersgill, the Westside shipbuilders, yesterday announced five more orders for its SD14 general cargo vessel, bringing total orders for the year to 22, worth £120m.

While world shipbuilding is going through the worst recession since the 1930s and redundancies are threatened in several British yards next year, A and P has enjoyed a remarkable 12 months.

It has claimed 48 per cent. of the five tonnage of all merchant ships ordered from British yards this year.

The latest orders, one domestic and four from European owners, should guarantee work for the 2,500 workforce until nearly the end of 1979, and Mr. Derek Kimber, A and P chairman, said last night that he was confident that remaining gaps in the 1979 order book could be filled next year.

The orders, worth about £28m, bring the total value of the order book to nearly £170m. A and P has a longer order book than most shipbuilders in Western Europe and its success has been almost solely based on the SD14.

The first vessel of this design was delivered in 1968, and it

has been developed into a fourth series. Since the vessel was launched a total of 198 have been ordered, 125 in Britain.

The five vessels will all be delivered in the second half of 1979. Of this year's orders eight are for Greek owners, three for other West European owners and three for Hong Kong.

Mr. Kimber said the SD14 has passed the threshold of acceptance which allowed charterers and owners to know exactly what the vessel offered and how well it performed. It commanded a slightly higher charter rate than comparable vessels.

Part of the SD14's success can be attributed to the fact that there is still room for expansion in the 'tween deck sector of the shipping market, which has allowed shipbuilders such as A and P to escape the acute over-capacity of the tanker and to a lesser extent the bulk carrier market.

A and P's profitability is expected to decline this year as it works through the last of its fixed price contracts, but with full order books for the next three years, Mr. Kimber is confident that the setback is only temporary.

Assembly voting system will bring New Year battle

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS are preparing for a major Parliamentary battle in the New Year over attempts to introduce a system of proportional representation for the proposed Scottish and Welsh Assemblies.

Although the Government is confident it can overcome a combined attack in the Commons from some Conservative, Labour, Liberal and Nationalist backbenchers, there are growing signs that the Lords will vote in favour of proportional representation rather than the present 'first-past-the-post' system favoured by both front benches.

The prospect of another confrontation with the Lords, when the Conservative leadership would stand aside to reveal in the Government's discomfiture, makes the future of the devolution legislation harder than ever the assets.

When Parliament adjourned for the Christmas recess last week, Ministers were confident of getting the Bill on to the statute book by the summer or autumn after the impressive Commons majority of 45 for second reading. Now they are not nearly so sure.

The Government, backed by Mrs. Thatcher and most of the Conservative front bench, has flatly rejected proportional representation for the assemblies, even though it was recommended unanimously by the Kilbrandon Commission, which studied the whole issue of devolution.

Ministers suspect that if electoral reform were conceded for the new assemblies and for elections to the European Parliament at Strathmore, it would lead inevitably to changes at Westminster and the end of the two-party system of Government.

Among the first amendments tabled to the Scotland and Wales Bill is one sponsored by Labour and Conservative backbenchers who advocate proportional representation for the Scottish assembly, which would mean one representative elected for each of the 71 Parliamentary

constituencies, plus 29 additional members selected on the basis of votes cast for each party.

A key question will be how much pressure leading Conservatives, including the party's two leading devolution spokesmen, Mr. Francis Pym and Mr. Leon Brittan, will put on Mrs. Thatcher to change her attitude and back proportional representation. Many Conservative peers, including Lord Howe, former Premier, are strong advocates of the system.

A powerful argument they use is that under the present electoral system the Scottish National Party could gain a majority of seats in the Edinburgh assembly on a minority of votes. Without electoral reform, some MPs also argue there is the dangerous prospect of a Scottish assembly dominated by the SNP in open conflict with a Westminster Parliament hostile to any further moves towards separation.

More than 250 amendments have been tabled to the devolution Bill which starts its committee stage on January 13. The number is an indication of the range of detailed criticism the Bill is attracting.

Before the committee stage starts the Government will attempt to get a voluntary agreement with the Tories on the time-table of the Bill. Such an arrangement would avoid the need for a guillotine but Conservative leaders still seem unlikely to accept, despite Mr. Pym's recent declaration that any such attempt would be made to delay the passage of the Bill.

Further trouble could lie ahead for the Tories on the issue of the guillotine. A number of anti-devolutionist MPs have tabled what amounts to wrecking amendments and if those look like being too successful some pro-devolutionist rebel Tories are threatening to back a Government guillotine rather than see the Bill fail.

Britain's oil plans on course —Benn

By Ray Daftor, Energy Correspondent

BRITAIN is well on course to become self-sufficient in oil by 1980, according to Mr. Anthony Wedgwood Benn, Energy Secretary. Within the next few years many countries which have been lending money to Britain will be returning to buy energy, he said.

The forecast was made as oil was landed from Britain's seventh North Sea field—the Occidental group 'Piper' field.

It has taken the operators more than three weeks to transport the initial load of crude from the Piper field by pipeline to the Flotta terminal in the Orkney Islands.

The group, which includes Occidental, Allied Chemical, Thomson North Sea, and Getty Oil International, plans to inaugurate the operation of the new terminal officially on January 11.

The field is one of the biggest domestic oil fields in 1977. The British sector of the North Sea has reserves estimated to be between 850m. and 900m. barrels. Production should rise to 240,000 barrels a day.

With seven of Britain's 15 commercial fields on stream, North Sea oil is expected to meet between one-third and a half of domestic demand in 1977. The savings on the balance of payments should be at least £2bn, more than double the amount saved by U.K. production this year.

Details, Page 6

Richard for Smith and Vorster talks

BY OUR FOREIGN STAFF

MR. IVOR RICHARD, chairman of the Rhodesian Front party, will meet Mr. Ian Smith, the Rhodesian Prime Minister, at the weekend, and probably Mr. John Vorster, the South African Prime Minister, early next week in what are likely to be the two most crucial stages of his southern African diplomatic shuttle.

Mr. Richard, who is trying to bridge the wide gap between the Rhodesian Government and African Nationalist delegation before reconvening the Geneva conference, arrives in Lusaka today to start the shuttle by talks with President Kaunda of Zambia.

Before leaving London yesterday Mr. Richard put his chances of success at slightly more than 50-50, and said he hoped to have "the outline of a package agreement" settled before returning to Rhodesia, where fiercer points could be ironed out.

He will have a much clearer idea of the possibility of agreement after meeting Mr. Smith, whose delegation in Geneva steadfastly refused to budge from the terms of the so-called Kissinger package for a settlement in seven weeks of inconclusive talks.

As outlined by Mr. Smith, this package would entail a two-tier interim Government with substantial powers, including the Defence, Law and Order, and Foreign Affairs, and a portfolio of remaining in white hands until independence. This has been roundly rejected by the Nationalists.

Mr. Richard, who arrives in Salisbury on Saturday, has with him a number of compromise suggestions involving a British presence in the transition period and several alternative ways of dealing with the defence question, but still has to find out if Mr. Smith is prepared to modify his stand.

Another unknown is what pressure Mr. Vorster is willing to bring on the Rhodesian Government. Mr. Richard is expected to meet the South African Premier in Port Elizabeth next Monday or Tuesday before flying to Botswana, Mozambique and Tanzania.

The caucus of Mr. Smith's ruling Rhodesian Front party was reported today to have declared that it would not accept major changes in the Kissinger package. A caucus member, quoted by the Rhodesian Herald, said that strong pressure would be applied on Mr. Smith if he attempted to go outside the terms.

This was interpreted by some as evidence of Rightwing pressure on Mr. Smith, and by others, as part of a co-ordinated campaign to restore white morale. Mr. Smith is expected to set the tone for Mr. Richard's visit when he delivers his New Year address to the nation on Friday. In Maputo the Mozambique News Agency said yesterday that Rhodesian troops, backed by air support, launched an offensive across the border, attacking Chitanga, in Mozambique's Gaza Province.

Saudi Arabia seeks to boost oil sales

BY RICHARD JOHNS, MIDDLE EAST, EDITOR

PETROMIN, the Saudi Arabian state oil corporation, has engaged consultants in a bid to boost direct sales and overall production from the fields of the Arabian American Oil Company as a means of stabilising the world price for crude.

Even so, international oil companies remain sceptical that the Kingdom will succeed in limiting the average increase in the price of oil to 5 per cent. A meeting of the Organisation of Petroleum Exporting Countries in Doha a fortnight ago, Saudi Arabia and the United Arab Emirates refused to endorse a 10 per cent. price increase agreed by the other 11 OPEC members. Instead, they said they would try and limit the price rise to 5 per cent. by raising their own production.

The U.S. partners in ARAMCO—Exxon, Standard Oil of California, Texaco and Mobil—have already held consultations with the Saudi Government. They have said that output on their own behalf will be determined by demand from purchasers. Because there has been substantial stockpiling over the last few months, liftings on behalf of the four majors and their customers are expected to be lower in the early part of 1977.

Saudi Arabia has made known its intention that production from the Aramco fields should rise to 10m. barrels a day during the first quarter of 1977 compared with the previous maximum of 8.5m. b/d which will be reached in the course of the year. If the target is to be met, observers, including the Administration's revise opinions and forecasts often enough.

capacities, Petromin is understood to have engaged the services of a former employee of Gulf Oil. Currently, its direct sales are understood to be running at 400,000 b/d, rather than the 200,000 b/d previously reported.

Oil companies are still appraising the Saudi decision to keep its own price increase down to 5 per cent. and less for heavier crudes. They acknowledge the availability of crude from Saudi Arabia and the UAE at a cost 50 cents or more cheaper. But they feel that part of the difference will be absorbed in wider profit margins, particularly among the four ARAMCO partners.

Beyond that, there should be a levelling down from the 10 per cent. price rise declared by the majority of Opec members who account for two thirds of total Opec output.

There is some scepticism about the ability of the OPEC group to coordinate a cutback programme. A general understanding that they should be reached informally among the eleven in the latter stages of the Doha conference, a fortnight ago.

UPI reports from Hamburg: Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, said in an interview released here that fears of a Communist takeover in Italy or France figured in his country's decision to keep oil prices down.

Cash loses appeal for institutions

THE LEX COLUMN

While the institutions, in the shape of the pension funds and insurance companies, began 1976 with liquid assets close to the 1974 peak, by the end of the year their liquidity has probably dropped to its lowest point since 1973, despite an estimated cash inflow of £5.4bn.

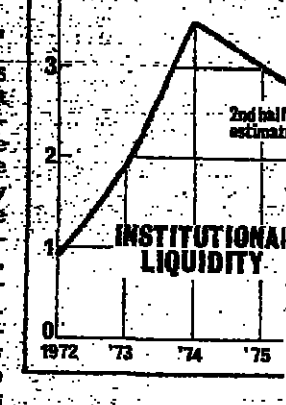
The latest official figures only chronicle the full institutional investment pattern for the first half of the year. Of the £2.7bn. at the institutions' disposal during this period, £1.1bn. went into gilts and another £1bn. into equities—the latter being almost twice the sum invested in the second half of 1975. The pension funds invested well over half their new money in equities and though the insurance companies put about the same proportion into gilts, it was notably less than in 1975. There were also signs by midsummer that the steady run-down in institutional liquidity was coming to an end with the insurance companies' net liquid assets falling by a mere £20m. in the first six months of 1976, against a drop of over £170m. in the previous half-year.

Equity sales. Indeed, the indications are that the institutions' liquidity after decreasing for 18 months, started to rise in the third quarter. The unit and investment trusts were net sellers of equities during the June, September quarter and the reduced number of rights issues and the low level of stock market turnover suggest that the institutions as a whole, were less active in equities than they had been in the previous six months. Also, the Government's gilt sales programme began to run badly behind schedule in the summer and institutions probably bought no more than £0.5bn. of government stock, perhaps £0.3bn. of the estimated £1.2bn. institutional cash inflow during the third quarter was used to bolster cash balances.

However, the last quarter of 1976 has seen a radical change in institutional investment patterns. The sharp rise in interest rates in the autumn finally broke the gilt sales log-jam and, according to Mr. Healey, the Government has succeeded in selling a net £4bn. of gilts since mid-September, of which at least £1.5bn. and perhaps as much as £2.0bn. was taken up by the institutions, possibly absorbing some of the money that had been earmarked for the expected placement of BP shares.

Happy New Year. New Year's Eve is not what it used to be. Time was when company meetings at the turn of the year marked a high point for the City commissions. Black Comedy—such as Oldham Estates' late afternoon masques or (last year) the efforts of groups like Slater Walker and First National Finance to avoid falling foul of loanstock trust deeds. But what this year's collection of last-minute get-togethers may lack in star quality, it makes up in numbers. Over 50 quoted companies are holding meetings of one kind or another in the next couple of days, some of which will not be concerned simply with exchanging New Year Greetings.

Index rose 2.7 to 346.1



Down in Crawley, a stance, shareholders of burst marketing are being to approve the purchase Devonian retreat. Thatch? from the chat wife for £30,000. The will provide a 'useful' title for the group's which was sold last year: be available, for instant staff as a reward for good last year. Sandhurst mot to the red, a pre-tax div of £300,000.

Some meetings will provide opportunity for meeting faces, like the current boom. Hargreaves, Investment, which came to the market 1972 sponsored by Heena Dow and underwritten Samuel Montagu. Its aim invest in special situation, it is currently thinking the best way to 'derive' bluff from its capital losses of Others will provide scope, membership familiar but faces. Bucknall Trust, over £1m. in 1975, and pu of it into companies. by Mr. Tony Buckley, a bit of luck, that is also the sum which might be by the liquidation while proposed yesterday.

The auditors' report doubt be a subject for dis at David Dixon, meet Leeds today. This is that loans to the chair, £2,500 made during the 1975-76 contravened 190 of the Companies Act. The loans have been paid since the year-end.

Mearns C. H. Bailey, opponent of the national of ship-repairers, is battli the second year running of its account (for the per of 1975-76, April) out of the dry Jordan year, they did not appeal March: this time, they ar misled for to-morrow.

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CHANGES YESTER

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Weather

U.K. TO-DAY

COLD. Wintry showers. Sleet or snow in places. London, S.E. England, E. Anglia. Sleet or snow, becoming brighter later. Max. 2C (36F). Cent. S.W. England, W. Midlands, Channel Is.

Rain or sleet, becoming brighter (with showers) Max. 4C (37-41F). E. Midlands, E. Cent. N. E. England, Borders, Edinburgh, Dundee, Aberdeen areas, Highlands.

Sleet or snow, becoming brighter with wintry showers. Max. 6-2C (33-36F). Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, Argyll, N. Ireland.

Wintry showers, heavy and prolonged in places. Max. 3-5C (37-41F).

BUSINESS CENTRES

Rest of Scotland, Orkney, Shetland.

Cloudy, outbreaks of rain or snow. Max. 2-4C (36-39F). Outlook: Wintry showers, overnight frost, cold. Lightning-up: London 16.30, Manchester 16.25, Glasgow 16.21, Belfast 16.36.

HOLIDAY RESORTS

Alaska C 12 40 Jersey F 2 20
Aberdeen C 12 30 La Palma F 2 20
Belfast C 12 30 La Palma F 2 20
Blackpool C 12 30 La Palma F 2 20
Bournemouth C 12 30 La Palma F 2 20
Brighton C 12 30 La Palma F 2 20
Cardiff C 12 30 La Palma F 2 20
Carnegie C 12 30 La Palma F 2 20
Carmarthen C 12 30 La Palma F 2 20
Carmarthen C 12 30 La Palma F 2 20

SNOW REPORTS

Depth State of Weather
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Continued from Page 1

Carter

In part, this reflects the fact that the Budget, which will be unveiled next month, is essentially the product of the Ford Administration, and that it will be impossible in practice for the new Carter team to do much about it.

Life has not been made easier for Mr. Carter's transition, according to some reports, by the reluctance of Mr. James Lynn, Mr. Ford's budget director, to include Mr. Carter's staff in the budgetary process in spite of the President's explicit instruction that full cooperation should be offered.

Dr. Harold Brown, the new Defence Secretary, and Mr. Jody Powell, Press Secretary, gave some indication of the practical problems of tinkering with the Budget by doubting that \$5bn. to \$7bn. could be cut from defence spending in the next fiscal year, as Mr. Carter had half-promised in the campaign. Later, however, and somewhat contradictorily, Mr. Carter said it still could happen.

Moreover, it seems certain that the Ford Budget will be tight. The American economy this year has seen first quarter boosts and third quarter pauses and has performed sufficiently unpredictably to make most observers, including the Administration's revise opinions and forecasts often enough.

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